

Greater Reading

The Initiative for a Competitive Greater Reading



GREATER READING: A CALL TO ACTION



Initiative for a Competitive Inner City

To: The Greater Reading Community

The Initiative for a Competitive Greater Reading (ICGR) was started by several local business leaders in response to a challenge – and a commitment of support – by local elected political leaders. These early initiators recognized and stated that they wanted something different, something real, and something that would make an impact toward creating an exciting and vibrant future for the Greater Reading region. Our approach was based on a simple principle – quality of life begins with a healthy economy. Put more simply, we needed to provide jobs for our residents. And, given our recent history of losing so many jobs, this required us to begin to think about doing some things differently. The good news is that we found a widespread interest in bringing about the necessary changes. What we found lacking initially, at least, was the necessary consensus on priorities. The Initiative for a Competitive Greater Reading set about to change this.

Our region is unique in many ways. Sure, we have our problems and challenges. Who doesn't? But we took account of these, dealt with them and focused most of our efforts on a very real set of opportunities. This we called "dealing with reality". And "dealing with reality" implies, first, that we recognize things as they actually are, not as we wish they might be or as we might remember them. Among today's realities, we all need to accept and come to terms with the following:

- The region cannot be successful without a vibrant urban core.
- A substantial percentage of residents in our urban core are (a) Latino and (b) recent arrivals.
- High wage commodity manufacturing jobs are a thing of the past throughout the northeast corridor.
- Business leaders looking from the outside for opportunities in the region do not know the difference between West Lawn, Cumru, Lower Heidelberg, West Reading, Muhlenburg, Lower Alsace, etc. In order to be successful, we must find a way to present ourselves to the world as a region, not a collection of competing political jurisdictions.
- Agriculture may be our number one industry – but it lacks the capacity to provide future job growth.
- The region's population is growing.
- Rolling back the clock is not an option.

"Dealing with reality" also requires that we carefully identify and calibrate those external forces that might influence our economic prospects. In doing so, we found:

- Instead of looking at 385,000 actual residents of Berks County, we looked a little further and discovered an accessible workforce of 2.4 million within a 75-mile radius.
- And while we were looking up, we realized we are located 100 miles as the crow flies from the world's 16th largest economy – New York City.
- Yes, we have an underdeveloped surface transportation system. So does everybody else.
- On the other hand, we have a world class fiber optics network that goes to lots of interesting places.
- Nobody from somewhere else knows we're here. On the other hand, most people think they do know where Reading is.
- The Sovereign Center sells the hottest set of tickets in the country for an arena its size.
- Our local colleges hand out approximately 3,100 diplomas each and every year.
- People tell us this is a good place to raise a family.

And, finally, "dealing with reality" requires us to focus on economic development prospects that are both possible and desirable. In the case of the Greater Reading region, we have steered away from investing time and money in efforts to relocate the Yuengling Brewery from Pottsville to Reading (yes, it was suggested as a possibility). And we have steered away from recommending that we pursue the development of large box distribution centers because the data suggests our residents are reluctant to chew up our landscapes and our viewpoints for low-paying jobs.

As a result, after we sorted through all the data and all the opinions and all the disappointments and all the hopes, we came up with a short list of "to do's":

- Let's really make this a great place to live. Let's reinvent our urban core as something exciting, attractive and fun.
- Let's spend a bit more time focusing on our assets and a little less time on our liabilities. And let's see if we can create some packaging and promotion ideas to attract more visitors (preferably visitors with positive balances on their credit cards).
- Let's invent a new way of thinking about ourselves – the "Outlet Capital of the World" should be retired with no regrets. It served us well for a time. And let's tell everybody what we come up with.
- Let's capitalize on our geography and our telecommunications capability and go after Wall Street – why not?
- But, most of all, let's take a step beyond, "You take care of yours and I'll take care of mine," and begin to work together on bringing new kinds of jobs to our region.


John J. Dever, Jr.
Co-chair


Jerry Johnson
Co-chair

EXECUTIVE SUMMARY

Greater Reading: A Call to Action

The Initiative for a Competitive Greater Reading (ICGR) brings together people from a myriad of backgrounds to shape the future of our community. The ICGR conclusions and recommendations point the way for Greater Reading to become an economically competitive region in the 21st century. For the Greater Reading region to be successful in the long-term, it has to be a place where innovation and entrepreneurship thrive and the quality of life attracts a diverse community. The ICGR market-based strategy sets priorities, integrates and accelerates existing efforts and pinpoints ways to strengthen Greater Reading's competitive position.

ICGR VISION STATEMENT

The Greater Reading region will be a place with a vibrant urban core, where entrepreneurship and innovation flourish and the region's diversity is leveraged to enable everyone to prosper.

Throughout the ICGR process, defining how to compete has been a priority. Every element of this plan is oriented towards helping the region succeed in an evolving global market. Professor Michael E. Porter from Harvard Business School says, "The first part of being competitive is choosing to compete." For the Greater Reading region this means developing the perceptions, institutions, and leadership that will make the region a legitimate contender in the global marketplace. Success also requires a strategy where all of Greater Reading's major initiatives are effectively linked and the economically distressed inner city area and residents benefit from participation in the wider regional economy.

Public- Private Collaboration

The Initiative for a Competitive Greater Reading brought together public and private sector leaders to develop a plan for the region's economic future. In November 2003, the Mayor of Reading and the Berks County Commissioners, asked the private sector to join forces with them on a major economic development initiative. This request led to the Initiative for a Competitive Greater Reading (ICGR), which John Dever and Jerry Johnson volunteered to lead.

PRIMARY GOAL OF ICGR

Create a healthier regional economy by:

1. Attracting and retaining jobs;
2. Improving the overall regional business environment;
3. Increasing the competitiveness of businesses in core urban sections of the region; and
4. Strengthening and building links between the urban core and the regional economy.

The Initiative for a Competitive Inner City (ICIC) was engaged to help shape a competitive strategy for the Greater Reading area. ICIC is a national nonprofit organization that works with leaders across the country to help generate jobs, income and wealth for low-income inner city residents. ICIC was founded in 1994 by Harvard Business School Professor Michael E. Porter, an international authority on strategy and competitiveness. For the past decade, ICIC has focused its efforts on revitalizing America's economically distressed inner cities through a unique market-based approach involving private and public partnerships. According to ICIC research, inner cities offer competitive advantages for business growth creating jobs, income and wealth for residents in the region.

ICGR engaged a diverse group of people within the Greater Reading community to build an action plan. All agreed that Greater Reading is at a turning point. Strategic choices must be made to establish a shared vision of the future and a forceful economic agenda. Fortunately, initiatives were already underway that focused on many of the challenges facing the region. However, they tended to be fragmented and suffered from low visibility. Greater Reading: A Call to Action brings together a variety of initiatives already underway and guides the choices required to prioritize regional projects.

The county comprehensive plan for the region is Berks Vision 2020. Greater Reading: A Call to Action supports the key elements of Berks Vision 2020 and proposes specific actions to help Berks Vision 2020 become a reality. In addition, we are extremely fortunate that so many of the region's major on-going initiatives fit so well with the plan – for example: GoggleWorks, RiverPlace, Our City Reading, the West Reading Main Street Program, the Wyomissing Square project, and the 7th and Penn Convention Center project.

GREATER READING AT A GLANCE

Population Growth

In contrast to most of Pennsylvania, Berks County is increasing in population. There are two dynamics driving this population growth: The expansion of the Philadelphia metropolitan economy to the eastern edge of Berks County and the growth of the Latino population in the City of Reading.

Increasing Diversity

Due to the Latino migration to Berks County, the Greater Reading region is becoming increasingly diverse. The Latino population is overwhelmingly living in the City of Reading, while the areas around Reading are demographically not changing.

Business Clusters of Strength

The Greater Reading region has experienced significant growth in the Business Services cluster and continues to be a competitive performer in the Financial Services cluster. Food Processing is an extremely strong traded cluster in the Greater Reading region and in the counties to the south and west of Berks.

Manufacturing

The Greater Reading region continues to be home to many manufacturing companies. Over 20% of the jobs in Berks County are in Manufacturing — well above the national average of just below 13%. However, this industry has been in decline nationally, a trend also affecting Berks County.

Market-Based Approach to Revitalization

Economic development at the regional level is a complex process. Many factors, including housing, health care, education and childcare, contribute to improving conditions in low-income areas. However, investing in these alone will not create a sustainable economic base in Greater Reading. Sustainable economic development will occur only as it has elsewhere, by employing an economic strategy that emphasizes private, for-profit business growth and job development.

To realize the economic potential of Reading and all its residents, ICIC provided ICGR with a model for economic development focused on:

- Enhancing competitive advantages. The region has unique assets that provide significant economic potential. Only by focusing on these strengths will Reading realize a more positive future.
- Identifying and developing investment opportunities that will have the greatest impact on the regional economy.
- Collaboration between the public and private sectors. Successful economic development depends on the public and private sectors finding effective ways of sharing ideas and working together.
- Enabling the creation of jobs and wealth for low-income residents. The problems of the inner city cannot be solved with social services alone, and a successful regional economy depends on improving conditions in the inner city and providing opportunities to economically distressed residents.
- Working at the regional level as well as the neighborhood level. The success of the two are interdependent.

When Greater Reading: A Call to Action is successfully implemented, the region will have:

- A comprehensive market-based strategy.
- A leadership group with a shared vision and a commitment to interventions that make the economy more competitive and productive.
- A well-defined strategy to leverage public and private resources to the region's greatest advantage.

Action Plan

To identify specific action recommendations, ICGR focused on: 1. Business Clusters and 2. Crosscutting Issues. The purpose of dealing with both in a coordinated way was to:

- Develop firms that could be competitive in their operation and strategy; and
- Create coordinated efforts across economic development initiatives to increase competitiveness.

These plans were developed by the more than 130 volunteers as members of ICGR Action Teams.



COMPETITIVE ADVANTAGES OF THE REGION

Proximity to Markets

The Greater Reading region is within 500 miles of 40 percent of the U.S. population. There are few places that have comparable access to such a large and wealthy market.

Quality of Life

The Greater Reading region has a variety of amenities that are typically only available in large urban areas, while still having an abundance of open space available for recreation. This is a unique and valuable combination.

Cost of Living

While Reading and Pennsylvania are not the lowest-cost places to do business, the cost of land, energy, and labor is highly competitive with other locations that have comparable access to New York, Philadelphia, and Washington D.C.

Diversity

The region is attracting people and that is increasing the diversity of the population, creating a richer mix of activities available in the area and providing a bilingual workforce.

Workforce

The local workforce is consistently recognized as having an outstanding work ethic.

1. Business Clusters

A significant portion of ICIC's analysis and program development focuses on clusters. Clusters are geographic concentrations of interconnected companies and institutions in a particular field that both cooperate and compete. Clusters encompass industry competitors, as well as suppliers, buyers, firms in related fields, specialized educational institutions and support services that are concentrated in particular locations. Examples of well-known clusters include high-technology in the Silicon Valley and filmmaking in Hollywood.

Fostering development at the cluster level improves the prospects for individual firms within the cluster. Strengthening the connections between companies and specialized institutions leads to enhanced productivity and innovation. ICGR chose to focus on advancing the collective potential of clusters rather than individual firms to maximize long-term economic impact.

After considering the potential of 10 industry clusters, ICGR decided to focus its efforts on three:

- Entertainment, Hospitality, and Tourism
- Professional and Shared Services
- Food Processing

Opportunities and Recommendations

OPPORTUNITY #1 – MAKING THE CORRIDOR AN ATTRACTION

Opportunity:

Link Reading, West Reading, and Wyomissing's hospitality and tourism developments, like hotels and restaurants, into a single destination. This entertainment zone, called, "the Corridor," will elevate the profile of Greater Reading as a popular and fun destination.

Recommendations:

- Develop a comprehensive plan for a pedestrian friendly environment.
- Introduce thematic public art.
- Establish financial incentives.
- Create a management structure.

OPPORTUNITY #2 – MARKETING THE REGION'S TOURISM ATTRACTIONS

Opportunity:

Increase the capacity to market tourism attractions in the Greater Reading region.

Recommendations:

- Refine tourism marketing strategy.
- Create a list of area attractions and a community calendar.
- Increase promotion and outreach capability.

OPPORTUNITY #3 – LEADERSHIP IN PROFESSIONAL AND SHARED SERVICES

Opportunity:

Develop the Greater Reading region as a premier location for Back Office Services.

Recommendations:

- Aggressively market Berks County.
- Attract outsourced operations for major financial institutions.
- Establish a deal management process.
- Aggressively market and promote "Greater Reading."

OPPORTUNITY #4 – COMPETITIVENESS IN FOOD PROCESSING

Opportunity:

Leverage the strength of the food processing industry in Greater Reading.

Recommendations:

- Develop a Nutrition and Wellness Corridor, a food engineering and science park.
- Target food processing workforce development initiatives.
- Improve access to I-78.

2. Crosscutting Issues

The Strategy Board identified certain issues that affected every cluster. Four cross-cutting issues were selected based on surveys of residents, businesses, leaders and experts across the region. These are:

- Inner City Competitiveness.
- Innovation in Manufacturing.
- Regional Communications and Branding.
- Economic Development Coordination.

Opportunities and Recommendations

OPPORTUNITY #1 – LEVERAGE THE INNER CITY AS AN ASSET

Opportunity:

Increase Greater Reading's inner city competitiveness by focusing on its diverse leadership, active business community, and young entrepreneurs. Encouraging entrepreneurship among inner-city residents will build business capacity in the city and the region.

Recommendations:

- Engage and develop inner-city business leaders.
- Establish the Berks County Latino Chamber of Commerce.
- Develop a Mercado, a business incubator.
- Launch NFTE, a youth entrepreneurship program.
- Expand the Micro+ loan program.

OPPORTUNITY #2 – INCREASE COMPETITIVENESS OF MANUFACTURING

Opportunity:

Aggressively pursue innovation in Greater Reading's manufacturing cluster.

Recommendations:

- Pilot an Innovation Portal.
- Implement "Dream It, Do It" communications campaign.
- Explore Innovation Demonstration Fund.
- Coordinate manufacturing support organizations in the region.

OPPORTUNITY #3 – COMMUNICATE THE NEW IMAGE OF THE GREATER READING REGION

Opportunity:

Change Greater Reading's image among local community, visitors, and business interests both within and outside the region.

Recommendations:

- Celebration event.
- Create "1000 Friends of Greater Reading."
- Launch the new community brand.

OPPORTUNITY #4 – FOSTER COLLABORATION IN ECONOMIC DEVELOPMENT

Opportunity:

Increase cooperation in economic development activity in the Greater Reading region through the Berks Economic Partnership.

Recommendations:

- Coordinate business attraction efforts.
- Support the major initiatives underway.
- Prioritize funding requests.

Implementation – Creating a Powerful Economy in Greater Reading

ICGR has identified the following key drivers for a successful implementation of its vision:

- Community support for the ICGR Vision and ability to communicate the depth and breadth of that support.
- Committed implementation partners to take action on the recommendations made in this plan.
- Sustained, effective leadership of the continued planning and coordination required to make this plan a reality.
- Funding for implementation of specific recommended actions from public and private sector sources.
- Political support for the vision and recommendations.
- Continued planning to adjust to the evolving economic and demographic situation in the Greater Reading region and to keep this plan fresh and relevant.

Implementation of the ICGR recommendations will be coordinated by the Berks Economic Partnership (BEP). BEP is ideally suited to play the coordination role required. In many cases the specific recommendations outlined above will be led by other economic development organizations (such as the Reading and Berks County Visitors Bureau focusing on

Tourism), while BEP focuses on enabling coordination and cooperation. In this aspect of its larger role, the BEP should be responsible for three key functions:

Funding

Coordinate fund raising with the implementation partners on each program. The BEP should help assemble a comprehensive plan for projects and access funds from public and foundation sources.

Management

Each recommendation has specific outcomes associated with it. The BEP should receive regular reports on the implementation of each Action Plan and its ability to deliver on the expected outcomes. The BEP should coordinate with all of the implementing entities to track progress, ensure adequate resources are being provided, and to adjust initiatives as appropriate.

Planning – a continuous process

New clusters need to be targeted and new investment programs identified. The BEP should take the lead on this planning effort. For Greater Reading: A Call to Action to be successful it needs to evolve for a constantly changing economic environment and competitive landscape.

Launching a New Greater Reading

With the above recommendations, the Greater Reading region has a clear path to addressing its challenges, increasing its competitiveness, and realizing the vision of a better future. This path and vision will be outlined to the community at the ICGR celebration, on September 16th, 2005. This will be a chance to come together and celebrate the first day of a new era in the Greater Reading region. This event will not mark the end of a journey, but a first step toward creating a vibrant Greater Reading for future generations to enjoy.

Acknowledgements

The work presented in this report would not have been possible without the hours of support and commitment from community volunteers and the Project Management team. The project leaders and participants listed in this report all demonstrated a commitment to new ideas and a new way of viewing the region that made this project possible. The Initiative for a Competitive Inner City (ICIC), led by Harvard Business School Professor Michael E. Porter, has helped develop this plan for linking the Greater Reading region with its inner city.

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State Representative Tom Caltagirone
State Representative Dante Santoni
State Representative Dave Argall

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Met-Ed/ A FirstEnergy Company
Greater Berks Development Fund
Stevens & Lee/Griffin Financial Group

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Stevens & Lee/Griffin Financial Group
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Elected Officials

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State Representative Dante Santoni
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County Commissioner Judy Schwank
County Commissioner Tom Gajewski
County Commissioner Mark Scott
Reading Mayor Tom McMahon
West Reading Mayor Kevin Barnhard
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Partner Organizations

Berks County Community Foundation
Berks County Chamber of Commerce
Berks Economic Partnership
Manufacturers Association of Berks County
Workforce Investment Board
The Hispanic Center
Berks County Industrial Development Authority
I Lead
Penn State Berks/Lehigh
Reading and Berks County Visitors Bureau
Reading Area Community College
Berks Business Executives Forum

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Introduction

The Initiative for a Competitive Greater Reading (ICGR) began with the objective of making Greater Reading competitive in the 21st century. This report, *Greater Reading: A Call to Action*, provides the rationale for action and specific recommendations that will shape the region's economic future. These recommendations will help Greater Reading deal with changing economic conditions and be better positioned to compete for jobs, income, and wealth for its residents.

The ICGR model calls for private and public collaboration on an unprecedented scale. The ICGR Strategy Board is reflective of the private-public buy-in that has propelled this project forward. Led by John Dever, President/COO of Bill Khakis and Jerry Johnson, Board Member of Berks County Community Foundation and retired VF Corporation CFO, the ICGR Strategy Board includes key public-sector leaders and the heads of many of Berks County's largest employers.

This report provides a summary of the action plans, developed by ICGR leaders. The range of initiatives leverages the strengths of Greater Reading and deals directly with the challenges faced by the region. ICGR approaches economic development through a business lens. It is a market-based approach which stresses the importance of tying Greater Reading's economically-distressed inner-city areas with the larger regional economy. Throughout this report, the impact of a Greater Reading regional economic strategy will become abundantly clear. The region's significant economic potential will benefit residents, entrepreneurs, investors, employees, visitors and young people.

Project History

ICGR: Collaborative Beginnings

Greater Reading is at a turning point. Its leadership recognizes the need to make strategic choices and establish a shared vision of the future. Previous initiatives have tended to be fragmented and suffered from low visibility. This project is different. It provides a market-based strategy that sets priorities, integrates and accelerates existing efforts and pinpoints ways to strengthen Greater Reading's competitive position.

When ICGR started in November 2003, the Mayor-Elect of Reading, and the newly elected Berks County Commissioners, asked the private sector to join forces with them on a major economic development initiative. This request was precipitated by a whole series of connected events:

1. The release of the report, "*Industrial Site Assessment Berks County, Pennsylvania: A Strategy for Economic Development in the Reading Metropolitan Area*", The Leak-Goforth Company, LLC and URBANOMICS Inc. in April 2001;
2. The loss of several thousand manufacturing jobs; and
3. The release of the Brookings Institution Report, "*Back to Prosperity: A Competitive Agenda for Renewing Pennsylvania*" in October 2003

The primary goal of this initiative is to create a healthier regional economy by:

1. Attracting and retaining businesses and jobs;
2. Improving the overall regional business environment;

3. Increasing the competitiveness of businesses in core urban sections of the region; and
4. Strengthening and building the linkages between the urban core and the regional economy

At the behest of the Berks Business Executive Forum, the Berks County Community Foundation, a significant supporter and sponsor of ICGR, organized a project management team for the project. A broad-based Strategy Board was formed composed of a range of private sector, public sector, and civic leaders. The Strategy Board, through the Community Foundation, engaged the Initiative for a Competitive Inner City (ICIC) to help shape a competitive strategy for the economically distressed areas of Reading and the Greater Reading area.

ICIC is a national nonprofit organization that works with leaders across the country to help generate jobs, income and wealth for low-income inner city residents. ICIC was founded in 1994 by Harvard Business School Professor Michael E. Porter, an international authority on strategy and competitiveness. ICIC believes that economic development, whether regional or at the neighborhood level, is a complex process. Many factors, including housing, health care, education, and childcare, contribute to improving conditions in low-income areas. These factors alone, however, will not create a sustainable economic base in inner cities.

Sustainable economic development in inner cities will occur only as it has elsewhere, by employing an economic strategy that emphasizes private, for-profit business growth and job development. ICIC provides a unique framework for inner-city revitalization by identifying and building upon competitive advantages and strengthening the major industry clusters¹. Strong and competitive clusters are the driving forces behind innovation, rising productivity and a high and rising standard of living.

ICGR Vision and Methodology: A Continuous Process

Early in the project the ICGR Strategy Board developed a Vision Statement for the region to guide the work of the Action Teams:

This vision statement does several things that are important to highlight. It:

- Focuses on economic development versus social issues
- Values the assets of urban areas in the Greater Reading region
- Emphasizes business vibrancy and fostering a business-friendly environment
- Conveys the importance of creating opportunities for all citizens

ICGR Vision Statement

The Greater Reading Region will be a place with a vibrant urban core, where entrepreneurship and innovation flourish and the region's diversity is leveraged to enable everyone to prosper.

¹Clusters are concentrations of interconnected companies and institutions, linked together through customer, supplier, or similar relationships in a particular industry. Examples of well-known clusters are high technology in Silicon Valley or filmmaking in Hollywood.

Engaging Leadership in Greater Reading

ICGR brought together people from all walks of life to make Greater Reading a reality. More than 130 people have been actively involved in the ICGR process, either at the Strategy Board or Action Team level. Project leaders were committed to constant and effective communications about the project activities and adherence to the formal planning process. The number of people engaged in this project is significant for several reasons:

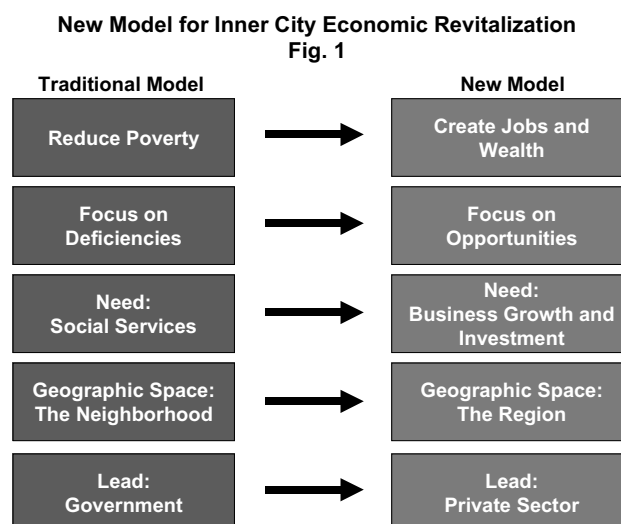
- First and foremost, ICGR is formed by the community for the community. The number of people engaged reflects broad support for and interest in this plan.
- Second, the views of Reading's private sector leaders needed to be understood and appropriately incorporated at every step. Only through private sector engagement and leadership will the plan help increase competitiveness.
- Third, there is a critical need to hear from new, diverse voices that were not customarily a part of traditional economic strategy discussions.
 - The involvement of the Latino leaders is an excellent example. Since 1980, the Hispanic population of the Greater Reading region has increased by over 400 percent. To integrate their views into the planning for the future of the Greater Reading economy, ICGR reached out to Latino and other minority business leaders.
 - The same point can be made with respect to the involvement of so many younger business and civic leaders throughout the region

Partnerships and Collaboration

ICGR engaged a variety of organizations to develop and implement action plans. The list of people involved on various ICGR teams reflects engagement with different organizations. It would be impossible to list the representation at the staff or board level of all the organizations involved. Many of the key organizations engaged in the development of the ICGR plan are listed in this report.

Methodology- A Market-Based Approach to Revitalization

ICIC provided ICGR with a new model for economic development. There are several key elements of this new model (See Figure 1). At first glance, they appear to be two sides of the same coin, but there are important, subtle differences. This new model approaches the challenges with a completely different mindset - one that is positive, optimistic, confident and



aggressive...not negative or defensive. This opportunity and future oriented approach generates higher levels of motivation, creativity and energy. Hope and a belief in the future affect all individuals in the same way. Specifically, the new model:

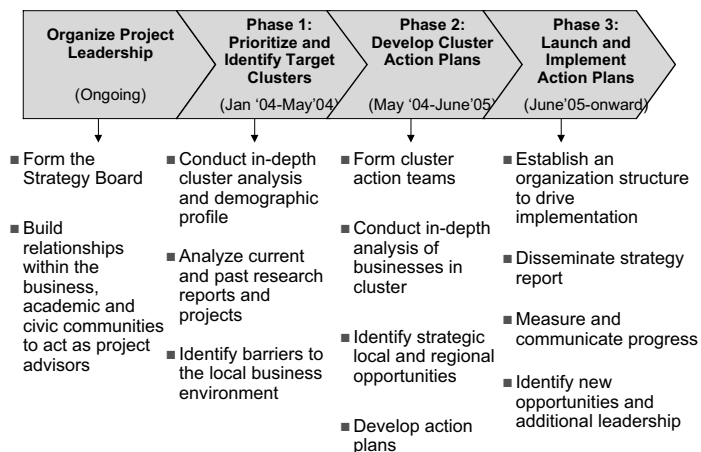
- Focuses on strategies that enable the creation of jobs and wealth. The solutions to poverty cannot be found with social services alone, but in building the economy to provide opportunities for low-income residents.
- Focuses on competitive advantages. The region has unique assets that provide significant economic potential. Reading will realize a more positive future by focusing on these strengths.
- Identifies and secures investments for projects with potential high returns to the region.
- Works at the regional level as well as the neighborhood level. The success of the two is interdependent and the project needs to work towards success at both levels to have a significant impact.
- Collaboration between the public and private sectors. Successful economic development depends on business, government and civic leaders finding effective ways of sharing ideas and working together.

To achieve the vision of ICGR, new groups and leaders were engaged from the community. The project started in January 2004 by creating the Strategy Board whose role was to find funding for the project, direct the early work in assessing the economy, and determine which clusters and business-environment issues to focus efforts on.

The project began with an extensive effort to use solid data and analysis to inform recommendations and drive results. During this first step (See Figure 2), completed in May 2004, ICIC worked with the Strategy Team on a rigorous analysis of the economy of Reading and the region including:

1. Conducting in-depth cluster analysis and a demographic profile to understand trends
2. Analyzing current and past research reports and projects to understand past and current initiatives
3. Identifying barriers to the local business environment from interviews

Organizing for Success: Process and Timeline (Fig. 2)



The goal was to closely examine the economy and pick three or four industry clusters and crosscutting issues to focus resources and action around. The clusters were selected based on:

- Size – Number of employees in the cluster
- Growth – Historical situation of the cluster
- Potential – Future projections for the cluster
- Competitiveness – The regional cluster in the national and global context

- Link to low-income residents
- Community consensus

Crosscutting issues were selected that would support the growth of the target clusters, fit with the strategic issues facing the community, and address specific elements of the vision that were not covered by the cluster action teams.

ICGR Action Areas

ICGR settled on seven areas that will be highlighted in this report. These seven areas can be divided into **Business Clusters** and **Crosscutting Issues**:

The three selected clusters are:

- **Entertainment, Hospitality and Tourism (EHT);**
- **Professional and Shared Services (PSS);**
- **Food Processing**

The four crosscutting issues were selected based on surveys of residents, businesses, leaders and experts across the region. These are:

- **Reading's Inner City Competitiveness;**
- **Innovation in Manufacturing;**
- **Economic Development Coordination; and**
- **A Regional Communications and Branding Strategy**

Action Teams were formed around each cluster and crosscutting issue, and were comprised of industry, public sector, and civic leaders. They developed a market-based strategy to stimulate economic activity in the region through guiding investment to high potential opportunities. Leaders and members of the Action Teams were selected based on their expertise, knowledge of the dynamics of each cluster or issue, position to help implement programs, and share a common vision for the future of the Greater Reading region.

Action Plan Process

The goal of the initial Action Team meetings was to determine the focus of ICGR efforts in the identified cluster. Three criteria were used for selecting opportunities:

- The impact on the competitiveness of the cluster.
- The impact on the income and wealth creation opportunities for economically disadvantaged residents.
- The overall fit with the ICGR collaborative process

After the Action Teams identified specific areas of opportunity, issue teams were formed to develop the Action Plan for that issue. The issue teams provided an opportunity to get more people engaged in the process, specifically people with applicable knowledge and interest.

The Action Plan identifies the implementing body, places the action in the correct strategic context, proposes a budget for the action, and outlines the key success measures to determine if the Action Plan is being implemented correctly.

This report provides a summary of the Action Plans developed by the various ICGR Action Teams. It also highlights some of the issues and opportunities facing the Greater Reading region that have been identified through this process. This report will serve as a guide to developing future programs.

Assessing Greater Reading: Greater Reading at a Glance

History: More than Just a Railroad

Historically the Greater Reading Region has been a part of the manufacturing heartland of America. During the 19th century, it was one of the 50 largest cities in the United States, and into the 20th century it was the 11th most densely populated city in the country.

In the last 150 years, several major industries have been based in the Reading area. One is the iconic railroad industry. Every American knows about the Reading Railroad from playing Monopoly. The Reading Railroad was one part of the vast Reading Company. The Reading Company was a major supplier of coal to the East Coast and beyond, at one point controlling 30 percent of Pennsylvania's coal production. The eponymous railroad had a dense network of passenger lines traveling in all directions from Philadelphia. In the Post-WWII period the Reading Company started to unravel. Competition from other fuel sources reduced the demand for coal, and the emergence of mass automobile ownership reduced demand for passenger rail services. The Reading Company began a slow decline that ended in bankruptcy in 1971. On April 1, 1976, its remaining services were integrated into the Conrail system².

The other historic industry cluster in the Reading region was the textile industry. Reading was initially home to several large textile companies and then a center for the manufacture of textile production machinery. However, high labor costs eventually caused the textile business to move from the Northeast; first to the U.S. South and today overseas. But the industry left several legacies in the area. Perhaps most visible is the outlet shopping business. This business proved to be a boon for the region from the late 1970s until today. Today, there are opportunities for outlet shopping in locations across the country and the tourism industry in Reading is looking for a new unique sales proposition.

The region's expertise in textile machine production has transferred to other industries. One example is Arrow International, a billion-dollar company that experienced a renaissance when it started producing needles for surgical uses. Today, there is an emerging medical-device cluster in the Reading region.

² Source: www.readingrailroad.org

Demographics: Growth and Diversity

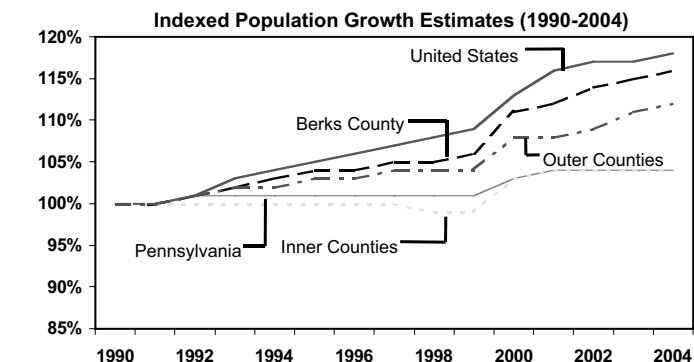
During the first phase of the ICGR project, a detailed assessment of the economic and demographic situation in Reading and Berks County was completed. This research determined which clusters to focus efforts on and provided data to frame the strategic context of the project.

In 2003, before ICGR was launched, the Brookings Institution released a comprehensive study of the economic and political challenges facing the State of Pennsylvania. One of the key points this report made was that the average age of Pennsylvania residents was increasing faster than the national average and the state had one of the slowest population growth rates in the nation³. The situation in Berks County is slightly different than the rest of the state in this regard (see figure 3).

The larger increases in population in Berks County are driven by two key demographic trends that are going to impact the economic future of the region:

1. The growth of Berks County as a bedroom community for the emerging business centers in Montgomery and Chester Counties (see figure 4). The significance of this trend is that Berks County has enormous opportunities to cater to these residents on one hand; on the other hand, residents working and shopping outside the county led to a questionable economic future for the region. This is a key part of the context behind ICGR.

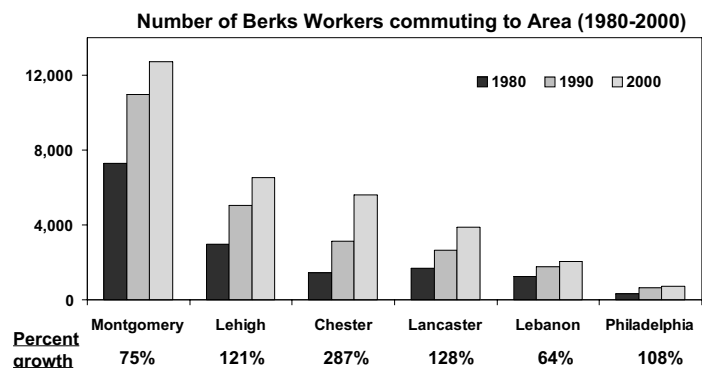
Berks County and Pennsylvania Population Growth (Fig. 3)



Source: Census Bureau

Note: There is a jump in population in 2000 as estimates were reconciled with actual Census Data. Inner Counties include Bucks, Chester, Delaware, Montgomery, and Philadelphia. Outer Counties include Lancaster, Lebanon, Lehigh, Northampton, and Schuylkill.

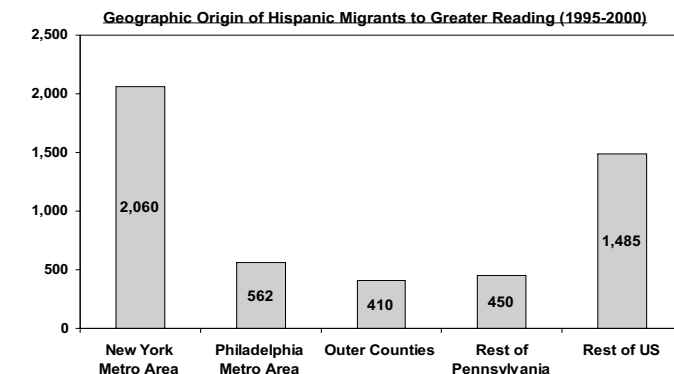
Berks County Commuting Patterns (Fig. 4)



Overall Berks County Population Growth = 20%

Source: 1980, 1990, 2000 US Census

Hispanic Migration to Berks County (Fig. 5)



Source: 2000 US Census

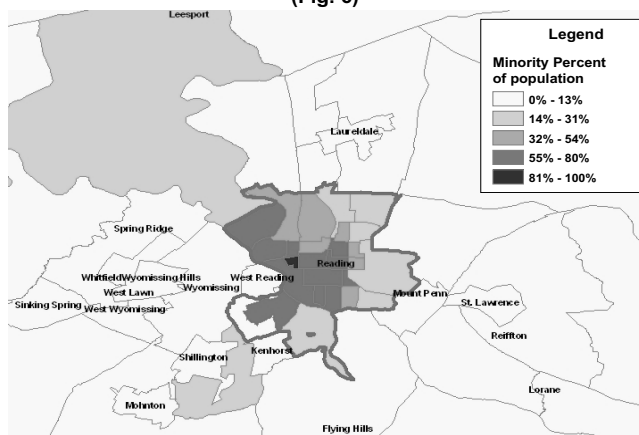
³ *Back to Prosperity: A Competitive Agenda for Renewing Pennsylvania*; Brookings Institution, December 2003, (<http://www.brookings.edu/es/urban/publications/pa.htm>) p.4

2. The migration of Hispanic residents, primarily from the New York City region (see figure 5). The growth of the Hispanic population is largely confined to the City of Reading. It has contributed to a slight increase in the population of Reading, but for the most part the increase of the Hispanic population has been met with a corresponding migration of the white population out of the city to the surrounding townships. This dynamic has contributed to the Reading Metropolitan Statistical Area (Berks County) becoming the second most segregated area in terms of population distribution of Whites and Hispanics in the nation⁴. According to the 2000 Census the City of Reading is 51% minority, while the rest of Berks County is 5 percent minority (See figure 6). The growing Hispanic population in the City of Reading presents the opportunity to create a more dynamic and diverse economy in Reading.

The increasing population, both in the townships around Reading and the Eastern townships of Berks County, where residents commute to the western suburbs of Philadelphia (Chester and Montgomery Counties), is leading to a substantial amount of new home construction and more sprawling development (see figure 7). This sprawl threatens one of the major competitive advantages of the Greater Reading region, namely its quality of life. When residents are asked what they like about the Greater Reading region, the themes usually converge on some variation of “all the benefits of the city and the countryside.” As we look towards building the competitiveness of the region, these elements of the quality of life have to be preserved and enhanced. This is part of the rationale behind the vision statement including the idea of a “vital urban core” as critical to the success of the region.

On a tangible level, the state, county, school and local tax structure in Pennsylvania makes it very expensive for residents to live in a region that is essentially a “bedroom community.” The core of the tax structure – the property tax – creates financial disincentives to residential growth without accompanying that growth with a proportional growth in local jobs. The Greater Reading region is challenged to balance its success in new housing construction with the creation of more local jobs.

**Minority Population in Greater Reading Region
(Fig. 6)**



Source: 2000 Census

BERKS COUNTY'S FASTEST GROWING TOWNS

FIG. 7

Town	Population Increase ('90-'00)	New Housing Units (97-03)	1990/2000 Percent Rural
Exeter	3,927 (23%)	1,624	20/14
Muhlenberg	3,649 (29%)	660	9/4
Maidencreek	3,152 (93%)	805	45/20
Spring	2,906 (15%)	1,829	13/10
Amity	2,247 (34%)	1,261	57/26
Lower Heidelberg	2,091 (95%)	393	91/47

Source: 2000 Census, 1990 Census, Berks County Planning Commission

⁴ Segregation index compiled by the Mumford Center (<http://mumford1.dyndns.org/cen2000/data.html>)

Business and Economics: Strengths and Strategic Issues in the Region

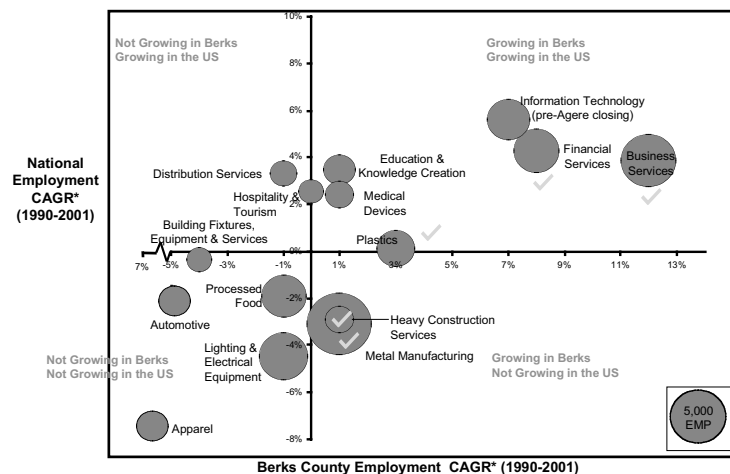
At the core of the ICGR process was the focus on business clusters as sources for competitive advantage. Accordingly one of the most important aspects of the first phase of the project was to identify clusters where the Greater Reading region was competing successfully or had the potential to compete successfully. The staple of this analysis was the cluster map, showing the size and growth of each cluster in Berks County and the growth of that cluster nationally (see figure 8).

One of the significant findings from the examination of industry clusters, as defined by the Harvard Business School Cluster Mapping Project, was the small number of clusters that are currently thriving in the region. There are a number of traded clusters⁵ in the region that have concentrated cluster activity, higher than the national average for that cluster⁶. Few of these clusters are growing. This highlights the fundamental issue in the Reading

regional economy. The traded industries with the highest employment in the region such as Metal Manufacturing, Plastics, and Lighting and Electrical Equipment are engaged in intense global competition. Locally, they are succeeding through rapid increases in productivity accompanied by *declining employment*.

The ICGR Strategy Board selected clusters as much for their ability to contribute to the economic future of the Reading region as their current success. The Entertainment, Hospitality and Tourism cluster was selected because it is potentially a major source of jobs for residents of the Greater Reading region and is a major contributor to the region's quality of life. The Food Processing cluster was selected because it provided identifiable, sustainable competitive advantages. The third cluster, called Professional and Shared Services, is a combination of two clusters, Business Services and Financial Services. This cluster provided a unique opportunity to take advantage of the proximity to the New York City metropolitan economy, an economy that on its own would be the 16th largest national economy in the world. The events of September 11th have further highlighted the need for supporting financial service operations to be located away from Manhattan.

Top 15 Traded Clusters by Berks Employment (Fig. 8)



(*) CAGR -- Compounded Annual Growth Rate
Source: Cluster Mapping Project, Census County Business Pattern data; ICIC analysis

⁵ Traded clusters are clusters that produce goods and services that are consumed outside the region. Non-traded clusters (also known as Local Clusters) are ones where the majority of the goods and/or services produced are consumed within the region.

⁶ This is sometimes referred to as the "Location Quotient." A location quotient higher than 1 indicates that an area has more than its share of cluster activity relative to the nation.

The Strategy Board also identified the continued importance of manufacturing to the region's economy. However, there was no single cluster within the manufacturing sector that emerged. The decision was made to focus on innovation in the sector as a whole by making it a Crosscutting Issue. Innovation in Manufacturing specifically focused on encouraging innovation within manufacturing because manufacturing companies can only succeed by being lean and innovative. For example, Carpenter Technology has been able to survive a very challenging economic environment and stay profitable. That was possible by changing its production technology, although this led to a significant decrease in employment.

Strengths of the Region

In the course of the research conducted into the regional demographics and economics (including over 150 interviews with representatives from the public and private sector), it became clear that the Greater Reading region has a number of strengths to build on:

- **Proximity to markets** – The Greater Reading region is within 500 miles of 40 percent of the U.S. population. There are few places in the world that have comparable access to such a wealthy market
- **Quality of Life** – The Greater Reading region has a variety of amenities that are typically available only in large urban areas, while still having an abundance of open space available for recreation. Many people repeated that the Greater Reading region provides the best of both worlds
- **Cost of Living** – While Reading and Pennsylvania are not the lowest-cost places to do business, the cost of land, energy, and labor is highly competitive with other locations that have comparable access to New York, Philadelphia, and Washington D.C.
- **Diversity** – The region is attracting a diverse population, creating a richer mix of activities available in the area. The increasing diversity is also providing a Spanish-speaking workforce, which is an asset to some target industries.
- **Workforce** – The work ethic is consistently mentioned as a regional strength. Additionally the concentration of five higher-education institutions provides a steady flow of young, educated workers for local companies to recruit.
- **Technology Infrastructure** – The Greater Reading region is the hub of First Energy's extensive fiber optic network. This network connects the region with 50 metropolitan areas across the Northeast US and Canada.

Strategic Issues

In the course of the development of this plan it became clear that the Greater Reading region is facing several key strategic issues:

Globalization

The need to compete globally is the most important element of the future success of the Greater Reading region. People who resist change will always have plenty of evidence from Reading's past of a proven path to success. However, that path will be less successful today because there is a different context for competition. Companies have to compete globally for customers and resources; the regions compete with each other for businesses and residents; and residents have to compete for jobs. Every element of this plan is oriented toward helping the region succeed in this new and different global market.

Choosing to Compete

Throughout the ICGR process, increasing the ability of the region to compete and defining how to compete has been a priority. Michael E. Porter says, “The first part of being competitive is choosing to compete.” For the Greater Reading region this means developing the perceptions, institutions and leadership that will make the region an equal contender in this marketplace.

The second part of competing is defining how and where to compete. The ICGR process allows the region to identify its priority growth areas for the first time. Competing in different clusters has led the region to look in new directions for sources of job growth. The old paradigm of seeking to attract a single large employer who will create several thousand manufacturing jobs is unrealistic.

Productivity and Innovation



The key to competing in the global economy is increasing productivity. Productivity is the measure of output per unit of labor. The success of an economy is measured by its ability to have each worker producing more. This enables rising wages and an increasing standard of living (See Figure 8). The productivity of the economy is not dependent on the mix of clusters in an area; productivity can be high and rising within any cluster and help a region generate wealth.

The primary method of increasing productivity is through innovation. Innovation is about finding new ways of producing goods and services. It might be the innovation of a new product that is documented by a patent, but it can also be an incremental process improvement that allows a worker to do his or her job more efficiently. Entrepreneurship is an important indicator of innovation. When a new business starts the entrepreneur has to develop new ways of doing things. A successful business will find enough new ways of doing something to have a competitive advantage.

For the Greater Reading region to be successful in the long-term it has to be a place where innovation and entrepreneurship flourish, because that is the only way to increase productivity, create jobs at all income levels, and win in the increasingly competitive global economy. The strategy of competing as the low cost producer of a commodity product simply will not work.

Fragmentation

The Brookings Institution report introduced the word “fragmentation” to our economic development vocabulary. In the Greater Reading Region we found three different kinds of “fragmentation”:

1. One major challenge to the Greater Reading region competing successfully on a larger scale is Pennsylvania’s fragmented municipal structure. Throughout Pennsylvania, including Berks County, each city and township undertakes its own zoning process, levies its own taxes, and provides its own water and sewer services. This fragmentation of governance and service provision has made

- fostering cooperation in and across the region and developing a shared vision for the economic future of the region a key strategic goal of the ICGR.
2. In addition to this structural fragmentation, there is a continuing social divide among our residents. Some Greater Reading residents see the City of Reading and other urban areas as a negative influence, rather than a strategic asset to the community and the region. The division between the growing Hispanic population in the City of Reading and long-term residents of both the City and the rest of the region exacerbates this. All residents of the region need to recognize they are competing with other regions that are building unified communities as a competitive advantage to attract residents and businesses.
 3. Finally there appears to be a proliferation of organizations with varying roles in economic development. There is the Berks County Department of Community and Economic Development, The Berks County Industrial Development Authority, the Greater Berks Development Fund, the Berks Economic Partnership, and the City of Reading Department of Economic Development, all within two city blocks of one another. Each organization has its purpose either in statute or regulation. These organizations must cooperate to attract new business. On the other hand, we should learn from our mistakes and omissions. The site selectors for new business opportunities cannot spend enough time understanding our organizational differences to compensate for our traditional lack of active collaboration. Successful economic development activity demands nothing less.

Job Attraction and Retention

The success of economic development in the region will ultimately be measured by the ability to increase the job base in line with the ongoing creation of new housing units. All of the elements of ICGR are oriented toward this ultimate goal. However the need to build the job base should not lead to a shortsighted focus on the “deal du jour.” The economic development organizations in the region, in cooperation with the Berks Economic Partnership, need to build the capacity to market the region in a consistent and compelling fashion. And this capacity to present ourselves to the world around us needs to be as good as or better than our competitors who have been at it for some time. Working on both long and short-term objectives at the same time is not easy. But the necessity for doing so is one of the primary reasons for increasing collaboration between economic development entities and between the public and private sectors.

Attracting Creative People

Most of the clusters poised for growth, both locally and nationally, are clusters that employ what Richard Florida⁷ has labeled, “the creative class.” The key to attracting these jobs is not offering the best incentives to employers, but rather offering a superior quality of life by appealing to employees. ICGR has recognized this new mode of competition and has sought ways of improving the appeal of the region to the creative class.

Attracting the creative class means recognizing that *improving the quality of life in the region is not a luxury, but is actually critical to the economic success of the region.* Different people define quality of life in different ways. In the Greater Reading region it is about having open space, and modern-day amenities and a strong urban center.

⁷ Florida, Richard, *The Rise of the Creative Class: And How It's Transforming Work, Leisure, Community, and Everyday Life*, 2002.

Defending and communicating this competitive advantage is just as critical to the success of the region as targeting the right industry clusters. If the region provides a distinct and valuable product in terms of quality of life it will attract the people who will enable economic success.

Coordinated Marketing

Up to this point, the Greater Reading region lacked a coordinated marketing strategy. Before the Berks Economic Partnership was established, attracting companies to Reading was not championed by any organization. The only external marketing of the region was targeted at tourists using an outdated brand (The Outlet Capital of the World). The City of Reading and Berks County had not made community marketing or branding a priority. The issue of marketing is made more challenging because of the propensity of the region to embrace the virtue of individualism. We have in the past defined ourselves in opposition to one another rather than as members of one community. This tendency has been exacerbated by the negative perceptions of Reading that many area residents hold and perpetuate.

On the other hand, throughout this project the Greater Reading community has easily identified what it is they like about their home; and the reports bear a remarkable consistency. The region is seen as having a great quality of life, being affordable, and having proximity to some of the largest and most exciting cities in the United States. Packaging these advantages into a community brand that positions the Greater Reading region as a preferred destination for residents and businesses alike will be critical to future economic success.

In this way we can learn to work together as a community with a purpose.

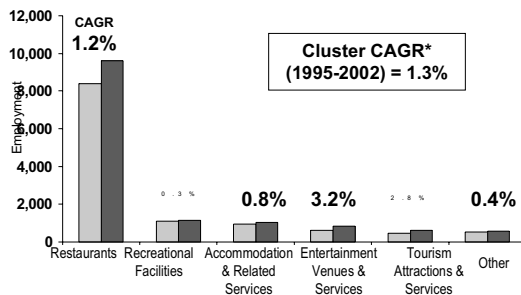
Action Teams and Plans

ICGR's Action Teams are the foundation for developing the suggested priorities for economic development in Berks County. Action Teams were formed to focus on three selected clusters of Entertainment, Hospitality, and Tourism; Professional and Shared Services, and Food Processing and the four Crosscutting issues of Inner City Competitiveness, Innovation in Manufacturing, Communication and Branding, and Economic Development Coordination. The Action Teams allotted time and resources to develop strategies that would increase the competitiveness of the Greater Reading regional economy. This process began in summer 2004 and continues today. More than 130 people have been involved in various ICGR action teams. The Action Plans recommended by the teams are highlighted below.

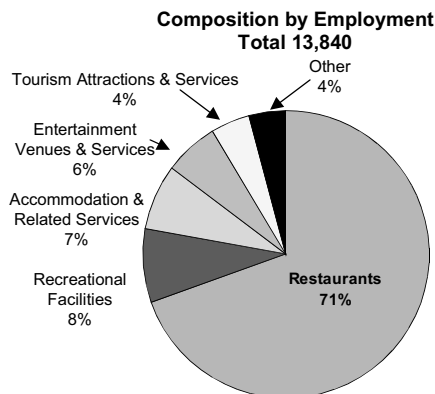
Entertainment, Hospitality and Tourism (EHT)

The Entertainment, Hospitality and Tourism cluster includes a variety of businesses that cater to attracting visitors. In the case of the Greater Reading Region, this includes hotels, restaurants, museums, art galleries and heritage centers as well as some destination retail businesses, such as the VF Outlet Village and Cabela's. The EHT cluster was selected based on its growth potential, size, and its link to the overall quality of life in the region (see figure 9).

Entertainment, Hospitality and Tourism Cluster Summary (Fig. 9)



*CAGR: Compounded Annual Growth Rate.



*Note: CAGR - Compound Annual Growth Rate

Source: ES202 2002 (Combined Traded Entertainment, Traded Hospitality & Tourism, and Local Hospitality Establishments). County Business Pattern 1990-2001, ISC Cluster Mapping Project;

Downtown Reading

- Potential to spark investment in downtown Reading, strengthening Berks' core city
- High potential for positive spill over effects – upgrading the cluster can increase overall quality of life for Berks County residents

Energy in Cluster

- New leadership is in a good position to create traction around this cluster
- Other initiatives underway which will benefit from increased collaboration

Opportunities

- Regional integration of tourism promotion
- Leisure auto tourism expected to increase as baby boom generation retires
- Cabela's has proven that if given a good enough reason to visit, tourist will travel from all over the eastern seaboard
- Shift branding away from outlets to new image

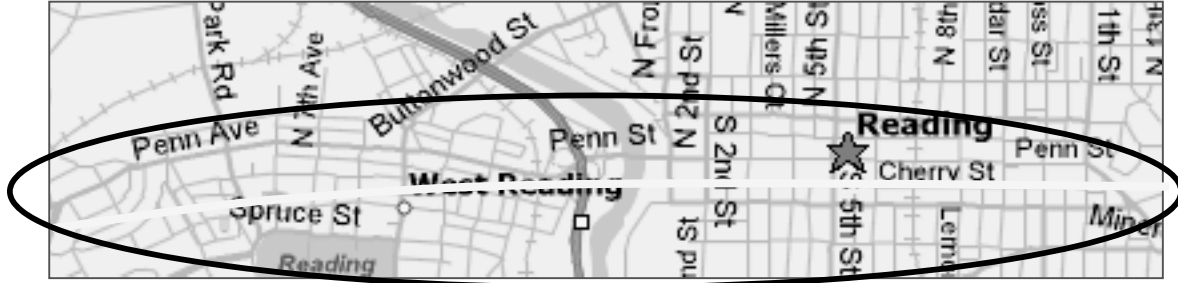
The EHT team was charged with improving the quality of life in the region and with finding ways of making the Greater Reading region more competitive in attracting tourism and residents of the surrounding area. The three issues identified by the EHT team were:

- The need to create an attractive urban core to become a pivotal center for resident and tourist activity,
- The need to develop a new brand for the region,
- The need to more effectively promote the variety of attractions in the area as packages.

From this initial direction, three issue teams were created: The Corridor Team, The Branding Team and the Packaging and Promotions Team.

Corridor

The “Corridor” is the temporary label given to an area identified in Greater Reading that includes Penn Street and Penn Avenue from the City of Reading through to the Borough of Wyomissing.



ICGR wanted to create a focal point that could become a new commercial center for the entire region. The Corridor will become a retail, tourism, and entertainment hub for residents and visitors alike.

To create a vision statement the Corridor team took note of the following:

- They are redefining a new urban core for the region, which crosses existing political boundaries.
- The success of the West Reading Main Street program and the planned development around the VF Outlets in Wyomissing has resulted in the ICGR Corridor Team extending the urban core on both sides of the Schuylkill River. This expansion of the urban core requires a new focus on the intersection of the Schuylkill River, the 422 Bypass and Penn Avenue. As the entry point for most people to the urban core, the only full cloverleaf intersection in the county, and the most trafficked road in Berks County, this area presents a unique challenge to the goal of creating a unified urban core.
- There are numerous attractions already developed or planned for development in close proximity to the Corridor. These include the Sovereign Center, Goggle Works, RiverPlace, the Reading Area Community College (RACC), the Reading Public Museum and the VF Outlets.

Corridor Vision Statement

The corridor will be Berks County's hub for arts, culture, dining and entertainment. It will reconnect Berks County residents with their urban core.

The vision is accompanied by four significant decisions made by the Corridor Team:

- Creating a vibrant urban corridor along Penn Street / Penn Avenue is critical to increasing the attractiveness and quality of life in the Greater Reading Region.
- The Corridor concept breaks free of the traditional “downtown” associations. The new urban core of Berks County is not limited by traditional political boundaries.
- The Corridor will be “sticky,” meaning people will visit multiple locations during each visit.
- It will be a pedestrian-friendly district.

To make this vision a reality, the Corridor Team identified three areas of focus:

- Management
- Design
- Financial Incentives

In addition to these areas, the need to find a creative name for the Corridor emerged. However, given the on-going regional branding project this idea was put aside for future exploration.

Management

Management involves establishing some form of an organization structure that works everyday to make the Corridor a better place for residents, visitors and businesses within the boundaries of the Corridor. The biggest challenge to creating a cohesive management plan is the multi-municipal boundaries of the Corridor. The Main Street model used in West Reading or the Downtown Improvement District based in Reading could have been sufficient management entities if the Corridor was limited to one municipality. The Management team followed a step by step process to develop a proposal for what the Corridor managing organization should be responsible for. The steps in the process were:

- Identifying key users of the Corridor
- Writing stories for how various people will view and use the Corridor in the future
- Using stories of Corridor usage to understand the management functions critical to a successful urban corridor
- Developing a list of current management and service providers for each area / municipality along the corridor
- Identifying the ideal provision model for each critical management function

Recommendations

There were two recommendations from the team: The first is the method of provision of the key services to make the Corridor work.

These recommendations are summarized in the table below.

Single Provider ⁸		Coordinated	Standards
<ul style="list-style-type: none">▪ Clean streets▪ Streetscape▪ Safety▪ Meeters and Greeters▪ Parking▪ Signage	<ul style="list-style-type: none">▪ Marketing of Dining Options▪ Maps / Directories▪ Event coordination▪ Business retention and development▪ Public Transportation	<ul style="list-style-type: none">▪ Event programming▪ Event marketing▪ Physical development	<ul style="list-style-type: none">▪ Trash removal

The second recommendation from the Management Team was to hire a third-party expert to propose legal structures to deliver the proposed services.

⁸ “Single Provider” indicates that one entity would be responsible for this function throughout the entire corridor, “Coordinated” indicates that multiple entities may perform the function but should work with each other, and “Standards” indicates that many entities can operate independently of each other and should only work to provide the function to a certain defined standard.

The Pennsylvania Downtown Center should be hired to develop a proposal for the Corridor. The PA Downtown Center is a non-profit organization that advises towns and cities across Pennsylvania on how to create more attractive downtown districts. The PA Downtown Center will develop its proposal in collaboration with the Corridor team and is expected to demonstrate how the Corridor could be an innovative and desirable model for inter-governmental cooperation throughout the state.

The model will need to be approved by the City of Reading, Borough of West Reading, Borough of Wyomissing and Berks County. It is the firm belief of ICGR and all the participants that the value from cooperation will exceed the costs associated with making the Corridor plan work. The Corridor concept is critical to reshaping the region, improving the quality of life for all residents, and helping the region compete in the future.

The Crossing

Design

Design involves making the Corridor a more attractive destination and one that has a common visual appeal to visitors who will perceive it as a single zone of activity. The Corridor design team had several very productive discussions about opportunities for design projects that would help the Corridor be seen by residents and visitors as a common zone covering several municipalities.



Recommendations:

- Develop a plan for the “crossing”
 - Hire design consultants to develop plans for the “crossing” (where Penn Avenue crosses the Schuylkill River and Rt. 422)
 - Estimated budget (\$50,000-\$75,000)
 - Proposals are tabled until a management body is established to implement the design proposals
- Develop a design plan and a graphical representation of the Corridor vision
 - The design team recommended a professional design firm to identify functions and images for different geographic parts of the Corridor.
 - Budget for a full master plan was estimated at approximately \$300,000. Justifying this spending first requires the establishment of an implementation structure through the managing organization.

- Develop Thematic Public Art
 - Recommended by the team to help make the vision of a common Corridor a reality.
 - A public art theme would simply be an addition to the already existing infrastructure and it fits with the vision of the Corridor as a center for arts.
 - Public art can be implemented with the cooperation of the Goggle Works art complex, the existing art galleries and the Redevelopment Authority Arts fund
- Develop a Dedicated Corridor Transit Route
 - A full realization of the corridor concept requires a dedicated transit route for the Corridor. The length of the Corridor is such that there will be distinct districts within the Corridor and the crossing of the river will present a gap in the vibrant consistency of the Corridor.
 - A dedicated transit route was deemed to be the easiest way to overcome this challenge.
 - BARTA has been involved in discussions about this plan

Other Design Considerations

The design team considered creating a unified streetscape plan. This would involve a common set of street furniture, lighting and paving throughout the Corridor. While commonality of design is a feature of many urban districts, the team concluded that the challenge of agreeing on this investment across municipalities would not be worth the investment itself.

Each municipality has invested in the improvement of their streetscape along the Corridor and those improvements are distinct to the municipality. Hence, the team concluded that each municipality should meet certain standards for provision of lighting and street furniture.

Financial Incentives

One opportunity critical to create private development in a thriving Corridor is to use financial incentives that encourage business investment in the Corridor. This “Corridor Investment Fund” would help the Corridor in several critical ways:

- It would help encourage businesses to expand or open in the Corridor.
- It would be an avenue to make strategic investments in businesses that fit the vision of the Corridor (arts, culture, dining, retail and entertainment).
- It would help mitigate the higher-risk nature of investment in a changing urban area and higher-risk businesses. A loan fund dedicated to investment and entrepreneurship in the Corridor can accelerate the development of businesses critical to creating a lively environment.

The creation of the proposed fund will be pursued by the Greater Berks Development Fund. The plan is to have up to \$10 million available to businesses. This fund would be established in partnership with the private banking community and aims to utilize the First Industries Loan Guarantee Program. This fund should allow for approximately 35 loans per year over a three-year period. The model for this program is The Progress Fund, operating in western and central Pennsylvania. Locally, the program will be implemented in cooperation with the Community First Fund and be complementary to the Micro+ Loan Program.

There are a number of questions regarding the loan fund that need to be worked out before it is launched. Most significant are:

- How will technical assistance be offered in conjunction with financing? Who are the right partners willing and able to deliver this assistance?
- What criteria will be used to evaluate funding opportunities?
- How can the private banking community's participation be encouraged and maximized?
- What is the right management structure for the fund?

These and other questions are going to be addressed by the Greater Berks Development Fund, with the active assistance and advice of the local banking community and input from other community lending organizations. Recommendations made will be the blueprint for the Corridor Investment Fund.

Long Range Vision

The Corridor team focused its efforts on creating the fundamental building blocks required to build a successful arts and entertainment district. There are sufficient developments in place and projects in progress to form the foundation of a vibrant urban district. The impact of new projects like Goggle Works, RiverPlace, the RACC Performing Arts Center, the hotel development at 7th and Penn, and the Brickstone development may add to the Corridor's lively theme. (See the sidebar for a summary of each project and its potential impact on the Corridor.)

In the future, the Corridor will have effective management that can take ownership of the service and planning functions. It will have enough unity of design that visitors recognize it as a uniquely-branded part of Berks County. It will also have the capital available to help new businesses succeed and increase the overall economic activity. To make this possible, there are several key success factors:

- Buy-in and implementation of an integrated management plan by the City of Reading, the Borough of West Reading, the Borough of Wyomissing and Berks County
- Available funding for a loan-fund
- County Planning and State Transportation funding for land-use and transportation elements of the Corridor
- Area residents making the Corridor a preferred arts, entertainment, and retail destination
- Available capital for business investments and start-ups that fit with the Corridor vision

Major Corridor Projects Underway

- **Goggle Works** - This arts complex at 2nd and Washington St. will be a new arts staple in the Corridor area. It will be one of the largest facilities of its type in the nation and become the heart of a new arts community and a center for community activity with the art classes and shows planned for the facility
- **Hotel Development at 7th and Penn St.** - The proposed development of a hotel across from the Sovereign Center would better equip the Corridor to be a home base for tourists and will also have convention facilities that can link with the Sovereign Center facilities and enable the region and the Corridor to attract mid-size events
- **Wyomissing Square Development** - This "lifestyle retail" and market rate condominium development proposed for the site of the former Goss factory in Wyomissing will demonstrate the attractiveness of the Corridor concept to retailers and investors. It will provide urban-style living for households that are attracted to the amenities the urban core provides
- **Penn Ave. Redevelopment District** - The Berks County Redevelopment Authority is leading this \$5MM investment in the Corridor. The project includes the redevelopment of the Penn View Motel, the widening of Cherry St. and the construction of a parking lot just off Penn Ave. near 5th Street. If approved the project will contribute to the life of the Corridor and aid efforts to link the two sides of the river.
- **RACC Performing Arts Center / The Miller Center** - The 500 seat theater on the RACC campus will be a new cultural attraction at the heart of the Corridor. The RACC board has approved a \$15 million investment in the facility located at the corner of 2nd St. and Penn St. It will host a variety of events and contribute to the image of the Corridor as the destination in Berks County.
- **RiverPlace** - This community planning process to link communities to the river fits in with the goals of the Corridor project. One of the challenges of making the Corridor work is that the riverfront is not currently a destination. But with the leadership of the RiverPlace Development Corporation the image and role of the river in the community is going to change
- **Sovereign Bank Building** - The success of the Corridor depends on being a vibrant mixed-use community. This building will create 450 jobs at the heart of the Corridor. These people will be shoppers and diners and be critical to the success of the Corridor in the lunch-time and after-work hours
- **Redevelopment of 422 Penn St.** - This building (former home of Vito's Pizza) is directly adjacent to the new Sovereign Bank Building. It has been purchased by a new owner (Jasper Hawk Ventures) who is planning to attract a series of cafes and eateries that will have outdoor dining in the passage way between the new Sovereign building and the existing building at 422 Penn St.
- **Schuylkill Valley Metro** - This mass transit project would link the Corridor with the SEPTA system and restore the rail link between Reading and Philadelphia. Enabling more people to easily access the Corridor would be a tremendous boost to the region and would further the vision of the Corridor becoming a center for Berks County.

Regional Branding

The Entertainment, Hospitality and Tourism Action Team identified the necessity for re-branding the Greater Reading region. Creating an effective brand that unifies the assets of the region will be critical to a variety of economic development efforts. In addition to branding the region for marketing to visitors and to businesses, it was also clear that a branding effort had to help change the way local residents perceive the region.

As important as the issue of regional branding is to the EHT cluster we determined that this initiative applied across all the issues considered in this report. Therefore the Action Plan developed by this team is outlined in the Communication section that appears later in this report.

Packaging and Promotion

The EHT Action Team also focused its efforts on packaging and promoting the region. Packaging Greater Reading involves an integrated effort by tourism-related businesses to link together and promote common themes. The mission of the Action Team was to find sustainable ways of encouraging visitors to stay longer and spend more money in the region.

An important component of attracting visitors was identifying new consumers who would be drawn to Reading's various attractions. The Action Team looked at packaging and promoting the region from a short-term and long-term perspective. The short-term team focused on developing alluring packages that could be marketed immediately. The long-term team dealt with developing a coordinated marketing strategy and a sustainable infrastructure to support continued packaging and promoting efforts from within the Visitors Bureau.

Short-term Project – Creating new regional tourism packages:

Greater Reading is not new to designing compelling tourism packages to lure vacationers. The Visitors Bureau has been very successful in marketing the “Girlfriend’s Getaway” package. The **Girlfriend’s Getaway** package is a weekend visit to the region that combines spa visits, with lodging, dining and shopping discounts. It is put together by the Visitors Bureau and sales are tracked through the distribution of gift bags and coupon books to participating hotels. To build from this success and learn about different markets, the short-term team created three more packages:

- The Midnight Madness Package
- The Guy’s Getaway Package and
- The Holiday Package

Midnight Madness is a shopping package targeted at group tour operators and will provide consumers with dinner, special late night shopping at the VF Outlets and an overnight stay in the area. It was marketed in February 2005 at the American Bus Association Trade Show. The VF Corporation provided direct assistance and investment towards marketing the Midnight Madness package. Of the three packages that were designed, “Midnight Madness” was the most experimental since it relies on selling to group tour operators. The development and marketing of this package increased the Visitors Bureau understanding of how group tour operators function. (See sidebar)

The **Guy’s Getaway** weekend package, introduced in the summer of 2005, will market golf and sports-related attractions in the region. Similar to the Girlfriend’s Package, this package is expected to gradually build its business base over the years. Individual packages such as this do not have the same volume as a successful group tour package. However, they are more likely to grow in size eventually bringing several thousand visitors to Berks County. The initial marketing for this package will be done exclusively on the Visitors Bureau web site.

The **Holiday Package** is expected to be launched in the coming months. It will bring together a variety of seasonal shopping needs and retail available in the area. It will be marketed to visitors during the Christmas season.

Long-term Project - Tourist marketing strategy for Greater Reading:

The other element of the Packaging and Promotion included a discussion of a long-term coordinated tourism marketing strategy for the Greater Reading region. Tapping into a comprehensive strategy developed by the Visitor’s Bureau, the long-term team met to generate ideas and develop specific strategies for implementation by the Visitors Bureau. There were three goals for this discussion:

- **Selecting and Targeting the Consumer:** Identify existing and new consumer types to grow the tourism business in the region.
- **Educating Industry Participants:** Educate the tourism business community on the value of coordination in marketing efforts.
- **Ensuring Sustainability:** Make the work of this team sustainable in the context of the tourism promotion infrastructure.

Selecting and Targeting the Consumer

The team developed several archetypes for tourism consumers. The customers became the focus of the consumer marketing strategy. In order to acquire the data needed to build consumer profiles, the team relied on the efforts of an overall brand development process. This process will provide a robust data source for consumer targeting. Waiting until after the brand is developed will ensure that the consumer marketing strategy is aligned with the brand strategy.

Educating Industry Participants

The Packaging and Promotion long-term team recognized the value of education and communication within the tourism community. There are a variety of businesses and people involved with varying levels of knowledge about the dynamics of the tourism business. Everyone on the Packaging and Promotion team learned new things about the attractions in the region and the tourism promotion process during the course of working on the team. This knowledge should be expanded to the entire cluster.

Educating tourism professionals is especially important for the smaller tourism attractions. These smaller organizations often lack the capacity to employ full-time marketing people. Having a knowledge-sharing mechanism at the Visitors Bureau will help them increase capacity and skill at marketing, which in turn will benefit the entire region.

Ensuring Sustainability

The long-term team assessed the ability of the Visitors Bureau to undertake some of the proposed activities over an extended period of time. For example, educating industry participants and developing new packages to reinforce the brand strategy require long-term support. Currently, the Visitors Bureau does not have the capacity to undertake this effort.

Recommendations

Based on assessments by both long and short-term teams, the Action Team put forth the following recommendations for the packaging and promotion of Greater Reading:

Reinforce Brand Strategy

Future packages to attract consumers should reinforce the overall brand strategy (see later communication section for more details).

Encourage Collaboration

The tourism industry should collaborate on the following promotion related functions:

- Create a comprehensive list of attractions available in the region (see sidebar on leading tourist attractions).

- Create a central community calendar that is regularly updated with all the events in the Greater Reading region. There are currently several institutions producing calendars of events. The Visitors Bureau, the Reading Eagle, and the Chamber of Commerce develop their own calendars. There should be cooperation to develop a complete list of events well in advance to better market events and leverage attendance.

Increase Capacity

Increase the staff at the Visitors Bureau. The addition of one more staff member to the Bureau, will provide increased capacity to develop packages, coordinate between participating attractions, and educate area businesses.

- Increasing package development capacity will allow the Visitors Bureau to deepen its relationship with area businesses and develop packages that support the new community brand. These roles are currently distributed across Visitor Bureau staff who are also responsible for sales oriented functions.
- The increased capacity can also allow for education of area businesses on the dynamics of the tourism business. A designated specialist at the Visitors Bureau would be responsible for developing relationships with business managers and creating packages in partnership with them. This model would be more sustainable.

The staff increase will require an increase in Visitors Bureau funding. The Visitors Bureau would require a 10 percent increase⁹ in budget to add the required capacity. This budget increase includes the personnel costs and the required increase in marketing expenditure. Given the Visitors Bureau funding streams, the potential avenues for increased funding are:

- *Increase scale or share of hotel tax revenues* – The Berks County hotel tax could be expanded to include the entire county (beyond the 15-mile radius around Reading that is the limit today).
- *Increased membership revenues* – As the value delivered by the Visitors Bureau increases the funds raised by membership may increase. This could be done by growing the membership base or by increasing the fees
- *Greater in-kind contribution* – Marketing expenditures are a significant line item for the Visitors Bureau. If in-kind contribution to marketing can be generated it can allow more funds to be allocated to new staff and increased scope for Visitors Bureau efforts
- *Greater government support* – A significant part of the Visitors Bureau budget is supported by state and county matching grants. It will be difficult to increase the sustained support from the government, (except for the expansion of the application of the current hotel tax to the entire county as suggested above), as grants are being targeted to address the short-term priorities in other areas (Branding and the Corridor). However, as the Visitors Bureau implements these other programs, the opportunity may exist to expand the government funding streams

⁹ The Current Visitors Bureau budget is \$900,000 per year. The increase of \$90,000 would cover a staff person (total cost estimated at \$48,000 per year) with \$42,000 increase in marketing expenditure.

Utilize Branding Study

Utilize the data from the branding study to develop a consumer marketing strategy. Develop profiles of the target consumer, including their interests, and put together packages that will appeal to the consumer.

Reposition Berks County in State Promotion Plans

Continue to reposition Berks County in the State's tourism infrastructure. This has already been recommended and implemented. Berks County will now be considered a part of "Philadelphia and its Countryside" instead of being together with Lancaster County as "Pennsylvania Dutch." This change will enable Berks County to position itself as a distinct offering in the context of a culturally-oriented tourism district rather than an after-thought in a district whose identity is closely linked to Lancaster County.

Long Range Vision

Packaging and promoting Greater Reading can have a far-reaching, long-standing impact on the community. The costs associated with sustaining the proposed activities in the long-term should be weighed heavily against the economic impact that these initiatives could bring to the region. A successful package can have a total economic impact of close to \$1 million annually.¹⁰ In addition to the development of specific packages, the education proposal will increase the marketing capacity of the entire EHT cluster. This will become more important as businesses will be asked to align their marketing strategy with the new regional brand. Educating cluster businesses can have a domino effect on any investments made to support the new brand.

¹⁰ Economic impact calculated based on average per day visitor spending of \$225 (from IACVB figures for cities similar to Reading) and attracting 2,000 visitors with average length of stay.

Insights on Packaging and Promotion

- There is no such thing as a short-term sales job to Group Tour operators. Trips are planned 12-18 months in advance, as buses are booked and then packages are sold to consumers with a long lead-time.
- Flexibility is critical to tour operators as they are balancing a variety of different variables when they schedule tours. Packages sold to this group should allow them to choose the date of their visit.
- A minimum of 40 hours of Visitor Bureau staff and lead partner time is required to assemble package partners and prepare appropriate marketing materials. This number increases to several hundred hours when multiple partners are part of the package and a full marketing plan is being developed.
- The marketing budget for a group tour needs to be at least \$5,000. This includes an ad in the Group Tour Leader magazine (a major marketing channel in this market), a direct mail piece to identified Tour Leaders, and travel to an industry trade show. Production of collateral materials can add additional expense.
- The marketing budget for an individual package is scaleable. It can be launched with a limited investment. But to drive demand, a more significant investment is required. For instance, the initial investment in Girlfriends Getaway was \$40,000 per year which was necessary to build the buzz required to sell the program.
- Local businesses need to support the packages. Educating the tourism business community of the potential value of packages is extremely important to making the development process easier.
- Package ideas that originate with a lead business are easier to implement. This process can be facilitated by increased communication within the industry on available events and attractions.
- Understanding the consumer is critical to increasing the competitiveness of the cluster. The Northstar branding project will generate a lot of data that can be used to inform consumer marketing strategies.
- The capacity and sophistication of many area attractions is limited. Educating staff at finding creative ways to market will help increase the promotion capacity in the region.
- Attractions do not currently communicate about events and promotional strategies. This communication would facilitate effective package development.

Leading Tourist Attractions in the Greater Reading Region

Cabela's – Data indicates that this is the most popular tourist attraction in Pennsylvania. The outdoor equipment store is attracting visitors from all over the northeast for whom a visit is an annual pilgrimage. Berks County has the opportunity to create shopping and outdoor-theme packages that will appeal to the Cabela's customer and family.

VF Outlets – The region is still the "Outlet Capital of the World," and there are large numbers of visitors who come for the shopping at the VF Outlet Village. These visitors are coming right to the Corridor. The other attractions and amenities along the Corridor have the potential to reach out to this customer base.

Maple Grove Raceway – The home of Drag Racing in Berks County attracts visitors from around the northeast. The tourism community needs to reach out to the Raceway and understand their customer base and their interests.

Kutztown Folk Festival – The largest of many summer festivals in the region, this festival has built a large customer base over the years. The country living theme of the festival resonates with a consumer who might find other attractions in the region interesting and cause to extend a visit.

Berks JazzFest – One of the highlights of the annual calendar, this March event attracts visitors from the major cities up and down the east coast. The arts and culture oriented attractions in the region can reach out and give visitors more to do during the day and lead to extended mid-week visits during JazzFest.

World War II Weekend – The annual WWII weekend hosted by the Mid-Atlantic Air Museum is one of the most popular air shows on the East Coast. The air show schedules events for the entire weekend, but there is the potential to market activities for family members who may be more interested in other area attractions.

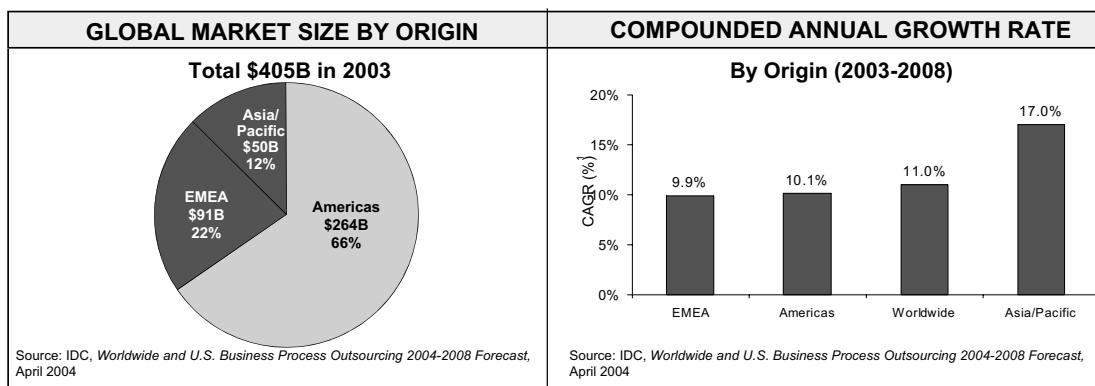
Reading Public Museum – Pound for pound, one of the best collections in the country and easily accessible to the Corridor.

Professional and Shared Services

The intersection of financial and business services forms a cluster known as Professional and Shared Services (PSS). Professional and Shared Services or “back-office services” is broadly defined as services performed to support business operations that range from transaction-processing and disaster recovery to IT continuity planning and redundancy processing. PSS is typically a remote operation that is separated from a company's headquarters or “front office” location.

The global professional and shared services market, including business process outsourcing, was valued at \$405 billion according to IDC. It is expected to grow 10 percent annually over the next three years in the Americas.

Fig.10



ICGR leadership identified PSS as a growth opportunity for the Greater Reading region for the following reasons:

- **Rapid growth in business and financial service sectors.** Business services have the highest employment growth in Southeast Pennsylvania (11.6 percent), also superseding the national average of 5.8 percent¹¹. Financial services employment is growing at 7.7 percent, outpacing the region and national average of 2.6 percent.¹²
- **Sectors are nationally competitive.** Both business services and financial services have significantly increased their national share of employment: 81 percent for business services and 71 percent for financial services.¹³
- **Location is ideal.** Berks County is strategically located within driving distance to large metropolitan areas such as NYC, NJ, Philadelphia, and Washington D.C., who are still the premier locations for company headquarters, making it an ideal location for back office operations to support the "front-office."
- **Available Workforce:** The Greater Reading available workforce is growing with its population and its number of unemployed and underemployed residents. In addition, the growing Hispanic population has increased the presence of a bilingual workforce, attractive for call centers and other back office functions.

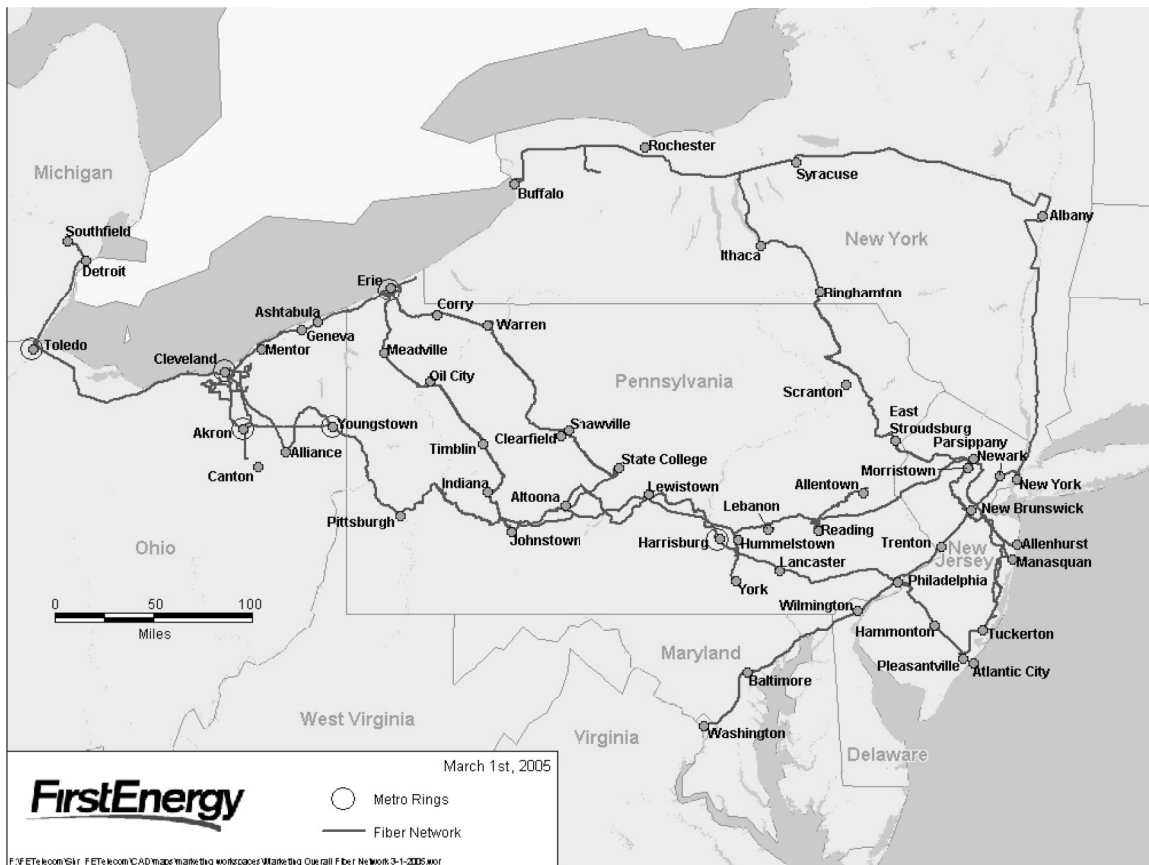
¹¹ 1990-2001 County Business Pattern, ICIC analysis

¹² Ibid

¹³ Ibid

- **Low Operating Costs:** The low cost of living (energy costs included) and below average real-estate costs make Berks County a budget-friendly destination for businesses looking to cutback on costs.
- **Available Real Estate:** Berks County has several world-class, readily available sites for shared services. For example, Spring Ridge is classified as a platinum facility by Wachovia Bank. It is already fitted for a 750+ outbound call center that includes three access POD's with 125,000 square feet each and 10 acres of parking.
- **Telecom Infrastructure:** Berks County has an extensive fiber optic network that serves 7 states including the District of Columbia. If fully leveraged, this network has the potential to create thousands of jobs in IT development, data center integration etc.

First Energy Fiber Optic Network



Cluster Action Areas

Given the depth and breath of potential opportunities within Professional and Shared Services, the action team focused its efforts on a few target segments that best match the assets within the Greater Reading area. Based on a thorough industry analysis, the team identified one critical function and three industry segments with specific opportunities that match the cluster assets available in the area.

Disaster Recovery, Business Continuity Planning, and Redundant Processing

The critical function identified by the team is Disaster Recovery, Business Continuity Planning and Redundant Processing¹⁴. These inter-related activities take advantage of Berks County's proximity to parts of the country that have a large concentration of financial and business processing activity. The strength of Greater Reading is that it qualifies as a safe haven for systems back ups and data storage.

Given the extensive fiber-optic network (see figures above and sidebar) that exists in Berks County, business continuity planning¹⁵ is a good fit for the area. The area is also a low-risk area for natural disasters, which is crucial for business continuity and disaster recovery functions.

Disaster recovery sites for the New York, New Jersey, Washington DC, Maryland and Virginia areas must be located far enough away to be completely separated from the primary site (including a separate electricity grid) but the site should be close enough to provide short recovery times. Therefore, Greater Reading can market itself as able to provide services such as technical outsourcing centers (e.g., hot sites), data center integration, collocation services, and redundancy processing.

How Greater Reading Fits the Mold

Synchronous data storage technology limits the extent of geographic separation between primary and synchronous back-up sites. The current technological limitation is approximately 125 fiber-optic miles. This constraint presents opportunities for Berks County to serve as a disaster recovery and business continuity location for areas within this radius, which include large markets such as Philadelphia, Washington D.C., Baltimore and New Jersey. With continuing advances in technology, the 125 miles fiber optic limit is increasing. As technological progress continues, the Greater Reading region will, before long, easily serve the large New York City market, which is only 156 fiber optic miles away.

¹⁴ This is aligned with the recommendations from the United States Securities and Exchange Commission as outlined in the "Interagency Paper on Sound Practices to Strengthen the Resilience of the US Financial System"

¹⁵ The worldwide security and business continuity market is growing at a rate of 15 percent and expected to reach \$118 billion by 2007¹⁵. Fueling its growth in the US are legislation and regulations that are changing the requirements related to business continuity such as the Interagency Paper on Sound Practices to Strengthen the Resilience of the US Financial System, Sarbanes Oxley, Gramm-Leach- Bliley, and Health Insurance Portability and Accountability Act (HIPAA), and NYSE Rule 446.

Getting companies to choose to locate disaster recovery, continuity planning and redundant processing functions can be a catalyst to drive additional shared service activity in **three key industry segments** to locate in Greater Reading:

- Financial Services
- Health Services
- Securing Government Services

Financial Services

Greater Reading is currently home to several financial institutions that have sizable back-office operations. One example is Sovereign Bank. Headquartered in Reading, Sovereign has 1,300 employees, the majority of whom work in operations. The trend towards decentralization of operations in this industry is expected to lead to increased outsourcing which can lead to increased activity being relocated to lower cost, highly competitive markets such as Greater Reading.¹⁶

Priority Market Opportunities for Greater Reading:

- **Appeal to Industry Leaders:** Greater Reading should work on building relationships with large outsourcers within the financial services industry, such as IBM (31 percent market share of finance and accounting outsourcing), ACS, Accenture, and Computer Sciences Corporation (CSC).
- **Appeal to Smaller Banks:** Greater Reading should focus on small institutions where the outsourcing and decentralization trends are taking place at a slower rate. Banks in the mid-Atlantic region are ideal given Berks County's strategic location.

¹⁶ PwC Financial Services Outsourcing Insights estimates that outsourcing has become one of the key strategic options available to banks and insurers not only to cut costs, but to improve operating efficiency. It is estimated that outsourcing generates savings of at least 30% to 40% per year due to lower processing costs and economies of scale.

Health Services

The healthcare industry is the largest single industry in the United States.¹⁷ Outsourcing opportunities exist for the healthcare industry in the following fields: claims processing, customer acquisition, imaging services, pharmacy benefit management, medical transcription and coding, lab testing, clinical trials, hot sites, redundancy processing, biotech outsourcing, and informatics.¹⁸

Priority Market Opportunities for Greater Reading:

- **Medical transcription outsourcing** is moving offshore to places like India and the Philippines. However, due to regulations such as HIPPA, certain health records must be processed domestically making part of this segment less likely to move offshore. Berks County can capture a share of this growing segment by building relationships with large vendors such as Medquist based in Laurel, NJ and Spheris based in Franklin, TN.
- **Biotech outsourcing** is the outsourcing of clinical trials, research and low-end lab work. BioAdvance, the biotechnology greenhouse of Southeast Pennsylvania, is pursuing the creation of a clinical research “super” site to standardize clinical research in the region. The one-stop super site will allow pharmaceutical companies and government researchers to obtain one contract, and work with one institutional review board.
- **Bioinformatics** are sophisticated information systems that store biological data. As the Greater Philadelphia area works to position itself as a center for biotechnology and other life sciences, the Greater Reading area should seek opportunities to partner with existing initiatives. For example, the Greater Philadelphia Bioinformatics Alliance consisting of the region's leading universities and life science programs provides a connection for Penn State Berks to participate given its Bioinformatics program.

¹⁷ Centers for Medicare and Medicaid Services report that Healthcare spending in the US rose to \$1.7 trillion in 2003, representing 15.3% of the Gross Domestic Product.

¹⁸ Nasscom Newslite, Managed Healthcare Executive

Securing Government Services

The cost savings and efficiency derived from shared services and outsourcing solutions have continued to gain support among government customers at federal, state, and local levels.

Priority Market Opportunities for Greater Reading:

- **At the federal level**, the Bush Administration's Competitive Sourcing Initiative is aiming to cut costs by allowing federal employees who are not involved in core government functions to compete against private-sector bidders to perform the work. According to Input, a research firm, this initiative could generate up to \$70 billion in outsourcing contracts. Additionally, the initiative has stipulations that limit off shoring. This creates opportunities for local professional and shared services firms to compete for such contracts, especially given Greater Reading's close proximity to the nation's capital.
- **At the state level**, the Procurement Shared Services Center and Strategic Sourcing was created to reduce redundancy through centralized, consolidated and consistent purchasing. This makes it easier for local professional and shared services firms to compete for higher value projects.
- **At a local level**, since there are 26 municipalities in Berks County several opportunities exist for a shared services model for common activities such as tax collection, shared IT networks and data centers, water and sewer, trash and recycling, etc. Such efforts could possibly reduce costs while improving the delivery of service.

Recommendation: Marketing Strategy

The Berks Economic Partnership has been leading the development of a comprehensive marketing strategy for the Greater Reading region that includes the needs of professional and shared services. A marketing strategy that works for PSS purposes will include three important elements:

- A world class web site,
- Broad and targeted advertising and
- An effective deal management process.

World Class Web Site

In order to compete for business operations in the sophisticated site selection process that is common in the PSS cluster, the region needs a world class web site. The web site has several important purposes:

- (1) being the central source of all information related to the region - providing site selection consultants, companies and other interested parties with one-stop shopping;
- (2) promoting Greater Reading assets and building awareness of those assets; and
- (3) creating a Greater Reading brand and image

The web site will be maintained by the Berks Economic Partnership and will house:

- An elaborate information database that includes the International Economic Development Council (IEDC) site selection data standards, which has over 1,200 data elements.
- Case studies, white papers, and uncommon data such as studies that support Greater Reading as a premier location. Case studies should highlight successful professional and shared services companies and operations in the region. For example, Sovereign Bank has agreed to complete a case study that would document the success it has in operating in Reading.
- White papers that incorporate Greater Reading assets are another way to promote the area. For example, a white paper on the changing technology needs of disaster recovery and how Greater Reading is well positioned to meet the market is an effective means of promoting the area. Additionally, white papers can be promoted on other complementary web sites, such as industry associations, trade magazines, etc, which can be better targeted to a specific audience than glossy advertisements.

In order to create a world-class informative web site, coordination is critical. A process to keep the information current must be in place. The Berks Economic Partnership must engage key stakeholders such as other economic development professionals (e.g., Berks County Department of Community and Economic Development, Greater Berks Development Fund), real estate brokers and developers and the Berks County Workforce Investment Board to actively update information available on the web site.

Broad and Targeted Advertising

In addition to a world-class web site, competition in the PSS cluster requires active investment in marketing and advertising. The BEP is working on these traditional marketing and advertising efforts. For example, an updated Berks County brochure was recently completed and mailed to hundreds of corporate relocation specialists. The BEP is also working on placing advertisements in critical industry publications. At the recent Wadley-Donavan-Gutshaw presentation, Dennis Donovan explained that advertisements should be placed in publications that key decision-makers read and search for information, such as CIO magazine.

Press releases announcing new PSS employers and expansions by current PSS operations should also be actively promoted on the web site, in local news, and if possible, nationally. Also, inclusion in all related business directories and guides will be critical to targeting this cluster.

In general, all marketing and advertising activities are useful in promoting and building awareness of the Greater Reading area. As Dennis Donovan pointed out to industry leaders, Greater Reading has a great product to sell, but has to get serious about selling it.

Effective Deal Management Process

At the heart of business recruitment is the deal management process. The PSS action team recommends that an effective deal management process is put in place that leverages the wealth of expertise and resources in the area to proactively identify leads and professionally manage current prospects from the beginning to the deal closing.

Lead Generation

The PSS action team recommends that an Executive Advance Team (EAT) is formed consisting of CEOs and senior executives based in Greater Reading. The EAT would assist with identifying leads based on their networks. For example, a CEO from Greater Reading may be able to open the door to speak with a key decision maker at key professional and shared services firms to begin the dialogue of promoting Greater Reading's assets and potential consideration for current or future site selection decisions.

In addition to the support from the EAT, the BEP is taking the lead in developing critical relationships with site selection consultants, who are key intermediaries in the PSS recruitment process and companies that are part of the PSS target segment. The BEP is also going to be conducting marketing roadshows, which include tours of the area on consistent basis to companies, real estate developers, and other stakeholders to promote the area. These efforts will be in addition to traditional lead generation activities such as cold calls and responding to site selection advertisements.

When leads develop into prospects, or prospects approach Greater Reading directly, the PSS action team recommends that the EAT play a role in hosting the prospect. It can be as simple as a phone call to the prospect explaining the benefits of Greater Reading, or helping to roll out the red carpet when prospects conduct site visits.

Prospect Management

As prospects emerge, the PSS action team recommends that a second team is formed, the Technical Response Team (TRT) to coordinate the technical aspects of closing the deal. The TRT team would consist of technical experts in the area (e.g., economic developers, real estate brokers, workforce intermediaries, utilities, etc.) who would be available for activities such as responding to Requests for Proposals (RFPs) in a coordinated fashion, structuring tax incentives, identifying qualified labor, and responding to customized data requests.

The TRT team would also help existing PSS companies attract new business by providing them with the pertinent information to help sell the area. That would equip companies to sell the benefits of the area.

Implementation

The Berks Economic Partnership is currently taking the lead on the majority of marketing activities within the PSS action plan (e.g., web site development, building relationships with site selection consultants and target companies, etc.), however BEP requires additional support in order to be successful in their efforts.

Role of Berks Economic Partnership Board

The BEP Board, as a strategic partner, is well positioned to oversee the implementation of the PSS action plan. Members of the BEP board could fill roles on the Executive Advance Team. Additionally, they could provide strategic oversight, which includes monitoring progress and adjusting the strategic direction based on progress and current opportunities.

Composition and Role of Future PSS Action Team

The PSS action team has devised the initial direction, but this work is continuous in nature. Therefore, the team recommends that the work of the PSS action team continues and is expanded to include other interested parties. For example, the Technical Response Team should be incorporated into the PSS action team.

In addition to expanding its membership the PSS action team should focus on long term issues such as impediments to PSS potential growth in the Greater Reading area, such as:

- Workforce skills, especially related to high school and college attainment
- Reduction in tax burden (e.g., lowering of corporate income tax)
- Tax incentives (e.g., considering performance-based tax incentives)
- Developing additional sites with 100+ acres with utilities and transport in place

In addition to working on impediments, the team should focus on future opportunities and building areas of specialty. New PSS opportunities such as knowledge based outsourcing and biotech outsourcing should be explored further, including partnering with existing initiatives in the nearby Greater Philadelphia area.

Critical Success Factors

The Professional and Shared Services action plan hopes to substantially improve awareness on a national level of Greater Reading's assets in this area and build strong relationships with PSS decision-makers and influencers, leading to the ultimate measure of success evident by:

- Increase in PSS companies into the area
- Increase in employment from current PSS companies in the area

In order for the PSS action plan to be successful, resources, coordination and participation are critical. BEP, as the lead marketing and business-attraction organization, must have adequate resources capable of carrying out the action plan. In addition, BEP requires the support of existing economic development agencies to provide their expertise and operate in a coordinated fashion, appearing as a seamless organization to prospects and other interested parties. Additionally, the participation of the private sector on the EAT and the responsiveness of the TRT in keeping the web site current and responding to active deals, will be critical to identifying leads and closing deals.

Food Processing

The Food Processing Cluster is truly a regional cluster covering not just Berks County but also many of the surrounding counties, including Lancaster, Lebanon, York, and Dauphin. In fact, some of the best-known brands in the food industry are represented in the region including Godiva (owned by Campbell's Soup), Giorgio Mushrooms, Palmer Chocolate, Hershey Foods, Cott Beverages, and Bachman Pretzels. In Berks County, employment in this cluster is over 5,000, while regionally it is over 20,000.

The Cluster Action Team identified several significant strengths for food processing in the region matched by several challenges. Specifically, Reading has 2.28 times the density of Food Processing jobs as the national average. While employment is declining in the cluster, Food Processing is a core feature of Reading's competitive advantages. The strengths and weaknesses of Greater Reading's food processing cluster informed the development of action plans and recommendations.

Strengths of the Food Processing Cluster

The Food Processing Cluster's strengths have been the focus of the state-wide June 2005 Department of Commerce and Economic Development (DCED) Global Competitiveness Investment Initiative¹⁹ and the Industrial Resource Centers' report on Manufacturing²⁰. The cluster was also identified as a specific area of focus by the Center for Workforce Information and Analysis's "Pennsylvania Targeted Industry Clusters" report²¹. All of these studies found that Greater Reading and the counties to the south and west are highly competitive; findings confirmed by the ICGR analysis (see figure 11).

- **Proximity to Customers –**

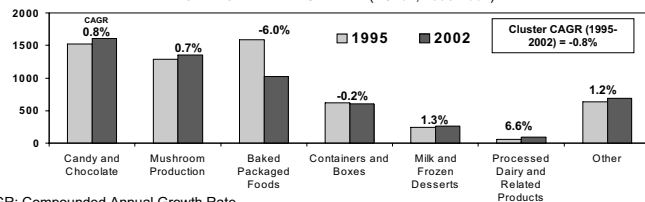
The region is a short drive from some of the most densely populated parts of the country. There are over 39 million people living within 150 miles of Berks County and 130 million within 500 miles. This proximity to vast numbers of consumers is critical in this cluster where freshness and low transportation costs are success factors.

FOOD PROCESSING CLUSTER OVERVIEW

Fig.12

IG 53 BERKS CLUSTERS		
Employment (ES202, 2002)	5,640	Rank 8
1990-2001 Employment Growth (CBP)		
Berks CAGR ¹	-1.1%	Rank 41
National CAGR	0.1%	Rank 34
Average Wages (ES202, 2002)	\$35,415	Rank 33
Wage CAGR (ES202, 1995-2002)	3.4 %	Rank 27
Location Quotient ² (CBP, 2001)	2.28	Rank 9

CHANGE IN EMPLOYMENT (ES202, 1995-2002)



¹CAGR: Compounded Annual Growth Rate.

²Location Quotient (LQ) measures Berks County's share of cluster employment compared to the national average. Source: ES202 2002, County Business Pattern 1990-2001, ISC Cluster Mapping Project

¹⁹ *Southeast Regional Review Lancaster/Reading: Global Competitiveness Initiative*; Department of Community and Economic Development State of Pennsylvania and IBM Business Consulting Services, June 2005

²⁰ *Manufacturing Pennsylvania's Future: Regional Strategies that Build from Current Strengths and Address Competitive Challenges*; The Industrial Resource Centers State of Pennsylvania, Department of Community and Economic Development State of Pennsylvania, and Deloitte Consulting LLP., January 2004 (<http://www.pairc.net/report/mfgstudy.pdf>)

²¹ *Pennsylvania's Targeted Industry Clusters*, Center for Workforce Information and Analysis Pennsylvania Department of Labor and Industry, April 2004 (http://www.dli.state.pa.us/landi/lib/landi/cwia/industry_clusters/indclus.pdf)

- **Proximity to Raw Materials** – Berks County and the regions to the west are home to significant agricultural resources. The area is also extremely well connected to the rest of the nation via an extensive rail network. Both of these factors make securing of raw materials for food processing very competitive.
- **Low Cost of Doing Business** – Energy, land and labor costs in Berks County are highly competitive compared to major East Coast metropolitan areas. The food business is defined by low margins placing a premium on being able to operate businesses in the most efficient manner possible.
- **Density of World-Class Producers** – Greater Reading and the surrounding regions are home to many world-class companies. These companies are able to implement new technologies and keep the entire region at the cutting-edge of cluster technology.
- **Proximity to a research university** – 80% of the faculty at Penn State Berks are engaged in primary research, much directly applicable to the needs of the Food Processing Cluster.

Challenges of the Food Processing Cluster

Industry leaders contacted through this Action Team highlighted a number of key cluster challenges and developed some recommendations to address those challenges.

- **Barriers to Industry Cooperation:** Food processing companies in Greater Reading are successful and there is very little incentive to cooperate with competing businesses. Local growth of the industry would increase competition for labor, an undesired outcome for many of the cluster's individual companies. Additionally food processing companies do not enjoy high margins. They have thin management structures and there is limited capacity from senior managers to lead collaborative projects.
- **Infrastructure limitations:** The food-processing cluster requires further infrastructure development to support the growth of the overall cluster. For example, food processing companies are large users of sewage capacity. The City of Reading is in the process of upgrading its sewage treatment facilities and should take into account the needs of this industry when making its plans. The cluster will also be one of many to benefit from planned improvements to the road network. The highest priority is to improve the access to the New York/New Jersey market by expanding Rt. 222 North to Allentown and connecting to I-78.
- **Limited available space in the region:** The Leak-Goforth²² report identified the need to develop space for food processing companies to locate in the region. This led to the plans to develop a Food Industry Park in Bethel Township in Northwestern Berks along Interstate 78. However, the proposed site lacked the necessary water and sewer infrastructure required for food processing.
- **Need for Innovative Capacity:** Attracting and nurturing new activity in the region requires universities and private companies to aid the innovation process. This could be a strong boost to existing companies as well. Encouraging innovation is vital because food processing is a very dynamic industry where the ability to develop new products that meet the latest dietary trends (i.e. production of low-carb foods) often determines success.
- **Need for Workforce Development:** The region needs to continue to upgrade its workforce. Food Processors are looking for both skilled and unskilled

²² The Leak Goforth Industrial Site Assessment report identified several target industries for Berks County (including food processing) and assessed the space available in the county for further development of each industry cluster.

employees. Food Processing is increasingly applying technology to make production more efficient. This creates the need for a highly-skilled workforce. Food Processors also found it difficult to fill entry-level positions that often require working nights in challenging, manual labor jobs.

Cluster Action Areas

The Action Team discussions informed the development of several action areas to develop the Food Processing cluster in the Greater Reading region: Innovative capacity, workforce development, and economic development focus.

Innovative Capacity

Development of the Nutrition and Wellness Corridor / Keystone Innovation Zone

The need to increase the innovative capacity for the food processing industry in the local area led to the development of a proposal for a Nutrition and Wellness Corridor along Rt. 183 near Penn-State Berks and the Reading Regional Airport. The underlying concept is that in the future, innovation in the food processing industry is going to function more like innovation in the health sciences. Food products are going to be engineered in labs as often as they are engineered in kitchens. By focusing on this changing dynamic there is the potential to link Greater Reading with the biotechnology activity to the east in Philadelphia and suburbs and with the agriculture and food processing clusters in the region and to the west. The development of a park that integrates these different industries will give the Greater Reading Region a differentiated competitive advantage.

The development of the Nutrition and Wellness Corridor is expected to facilitate greater technology transfer between Penn-State University and the private sector. The Nutrition and Wellness Corridor will not only be a vehicle for encouraging private sector investment in the region, but also encouraging greater university investment in the region. Due to this investment, increased entrepreneurship in the food-processing cluster should also be expected. The project should also be a location to bring together other innovation and entrepreneurship oriented programs in the region.

The Rt. 183 area is a significant choice for the location for the Nutrition and Wellness Corridor. This area was identified in the Leak-Goforth report as one of the prime locations in the county for high-value, innovation-driven businesses; this project should help realize that potential. The plan has been developed and championed by a partnership between Tom McKeon of the Berks County Department of Community and Economic Development and Susan Speece of Penn-State Berks. The proposal links the assets in the area, including Penn-State Berks, Arrow International, St. Joseph's Hospital, and Quest Diagnostics with the food processing industry, the developable land at the airport, and Pennsylvania's Keystone Innovation Zone program.

The Keystone Innovation Zone (KIZ) program allows for state grant money to be provided to foster cooperation between universities and private business on research and development activities. This funding can be used to help establish effective partnerships that will allow companies to innovate and invest in new processes. This program requires that an industry focus be designated and that innovation and cooperation be key elements of the program. These factors help make the application

for this program an example of the type of economic development initiative that ICGR is hoping to encourage throughout the county.

Planning Process

The Berks County Department of Community and Economic Development in partnership with Penn-State Berks are leading the planning process. Their first step toward completing a specific proposal is finalizing discussions with Penn State University regarding their technology transfer programs and the food science department. The next step toward KIZ designation is to apply for a state-planning grant. This will be a \$25,000 grant that will be matched by local support. These funds will be used to identify the managing organization for the KIZ and prepare initial plans for the infrastructure requirements. By the end of 2005 a managing organization (either a non-profit organization or a public/private partnership) will be identified. At this point the application for KIZ status can be completed. A successful application will secure a \$250,000 grant to fund management of the KIZ development and detailed planning for the site.

The Rt. 183 location for the KIZ has enabled cooperation from many of the large property owners. The Berks County Industrial Development Authority has plans to acquire several properties and is prepared to develop them in line with the KIZ framework. Additionally, Arrow International, St. Joseph's Hospital, and the Reading Airport Authority all support the development of the Nutrition and Wellness Corridor. Finally the project has the required political support. The county commissioners as well as Bern and Spring Townships have expressed their support for this proposal.

Expected Outcomes

The Nutrition and Wellness Corridor should encourage investment and innovation in the designated area. Specific metrics include:

- Private sector investment in the Keystone Innovation Zone
- Expand the Penn-State Berks research and education capability
- Number of patents developed in the target industries
- Number of companies established with local university collaboration
- Number of new jobs in the Keystone Innovation Zone

Recommendation

The Nutrition and Wellness Corridor is an ideal opportunity to use the collaborative model to help encourage innovation in the area while linking to an industry that is traditionally very strong in the Greater Reading Region. The project should become a county priority and be given the needed support at the state level. The private sector should stay involved in this project to make sure the plan is meeting the cluster's needs.

Workforce Development²³

The Berks County Workforce Investment Board (WIB) has been involved in a number of partnerships working to develop the food processing industry. There are two programs

²³ Information in this section was provided by Ed McCann, Executive Director of the Berks County WIB

currently in development: the Food Processing Partnership and a regional WIB partnership on packaging.

Food Processing Partnership

In partnership with the 10 counties that comprise the Lancaster and South Central WIBs, this program enables food processing companies and participating colleges and organizations in the region to pool small state grants to fund larger studies of the workforce situation in the entire industry. There are currently 25 companies actively participating in this program²⁴. The partnership also includes the Reading Area and Harrisburg Area Community Colleges, MANTEC (the York-based Industrial Resource Center), PennTAP (Penn State's Technical Assistance entity) and the NutriCore initiative for York as well as the Manufacturer's Association of Berks County and the Manufacturer's Association of South Central Pennsylvania.

This regional partnership has secured two significant grants. They have been awarded \$125,000 from a US Department of Labor High Growth Job Training grant and a \$358,000 grant from the State WIB Manufacturing Incumbent Worker Training grant. Further they have engaged in a unique partnership with Hershey Foods. Hershey is the largest employer in the cluster in the region, with 8 plants (including one in Reading). Hershey has invested in high-tech machinery and along with upgrading their own workers' skills they enabled a partnership with local workforce trainers. This partnership is critical to enabling the training system to keep pace with the application of technology in manufacturing.

Food Packaging Workforce Program

The regional focus on food packaging is a direct outgrowth of the work with the food processing industry. Several of the most advanced applications of advanced manufacturing technology in the food-processing cluster are related to packaging. Packaging is a critical element of the food processing business and one where the region has a number of nationally competitive firms.

The Berks County WIB is working with the Lancaster and South Central WIBs to create a "Regional Center of Excellence in Packaging Operations" on behalf of a working partnership of education institutions in the Region. This program would be funded through a Workforce Leadership Grant from Pennsylvania DCED. The focus on packaging has led to the region being recognized as a pioneer in the areas of advanced industrial maintenance. This work is associated with several of the other manufacturing oriented programs detailed in the "Innovation in Manufacturing" section of this report. It is important to note that much of the work that applies to manufacturing in general has applications in food processing and packaging.

Recommendation

The investments being made by the Berks Workforce Investment Board in the Food Processing Cluster are important. We recommend that all required support be given to these programs. The Workforce Investment Board should continue its efforts and

²⁴ Berks County companies participating include: Berks Packing, Godiva, Cott Beverages, Sweet Street Deserts, Quaker Maid Meats, R.M. Palmer, and Power Packaging

continue to involve the private sector to ensure the training programs are meeting its changing needs.

Economic Development Focus

The Department of Community and Economic Development June 2005 Global Competitiveness Report is the most recent of many studies to identify the Food Processing cluster in the Greater Reading region as highly competitive. In order to leverage this advantage for the region it should be a priority for the economic development community.

Recommendations

- *External marketing* – The Berks Economic Partnership is intending to make the food processing cluster one of its areas of focus for its external marketing effort. This project is supported by all of the evaluations of the local economy. It should be supported with sufficient funding and leadership backing by people and institutions guiding the BEP.
- *Food Park Development* – The Leak-Goforth recommendation led to an evaluation of a site along I-78 in Bethel township for a Food Industry Park. This site proved unworkable due to the lack of sewage and water service. Currently there is not a 500+ acre site with sewer and water service and interstate highway access that is available. If the expansion of Rt. 222 north occurs that situation might change and the development of a Food Industry Park should be explored again. A new site might be closer to Reading and provide more jobs for residents of Reading's inner city.

Inner City Competitiveness

An Unprecedented Effort to Revitalize the City of Reading

Since the inception of the ICGR initiative, it has been recognized that creating a vital urban core will be essential to the long-term economic competitiveness and prosperity of the region. This view is underscored by the recent Economy.com assessment of the Reading MSA²⁵, which identifies a “weak core city” as the number one weakness of the regional economy.

Throughout the nation, those urban centers identifying and building upon their competitive advantages and effectively linking them with their regional economy are frequently among the revitalization leaders. Another critically important element for success has proven to be the realization that business and entrepreneurial growth is the essential ingredient to generating income, wealth and opportunities in both the regional economy and the inner city itself. Consequently, market-based strategies that attract private investment must be among the highest priorities (This reality is reflected throughout the ICGR report and recommendations.) Despite the real and perceived problems of inner cities across the country, in recent years, more than \$2 billion of private sector capital has been invested in inner cities - for everything from business equity and commercial/industrial real estate to mixed use and market rate housing and Brownfield development. Government encouragement and sharing of the risks (i.e. New Markets Tax Credits) have unquestionably been and will be important, but it is the potential risk-based returns that drive this success. It has been said that America's inner cities are our “emerging markets,” with just the kind of potential as in Malaysia, South Africa or Brazil.

The things that are true for cities on a national level are true for the City of Reading and other regional urban centers. City and county political leaders throughout the region have made Smart Growth a stated goal, targeting investments in previously developed areas to further leverage the major corporate building activities taking place, the cultural and entertainment venues, the telecommunications, utility and transportation infrastructure, health facilities and the future workforce.

The development of a vibrant small business community in the City of Reading is essential to the economic success of the city and the corresponding quality of life in the region. Successful small businesses contribute to the city by paying taxes and providing jobs. Small business owners are deeply committed to dealing with crime and other neighborhood issues because their businesses and families depend on it.

For all these reasons, the development of business activity in the City of Reading has been a central focus of ICGR.

Investments and Progress

The City of Reading has considerable assets including access to some of the world's largest markets and a growing diverse population. Both private and public sector leaders have already made significant, tangible commitments to sharply improve the

²⁵ June 2005 Economy.com overview of the Reading Metropolitan Statistical Area (MSA) (This area is contiguous with Berks County)

business environment and economic opportunities. Recent and planned investments in the City of Reading include:

- Sovereign Center, Sovereign Performing Arts Center and Reading Eagle Theater at the Sovereign Center
- Goggle Works Center for the Arts
- Sovereign Bank Office Building at 5th and Penn
- RiverPlace Development Corporation
- RACC Technical Training Center and Performing Arts Center
- United Corrstack project
- Riverfront Commerce Center
- Hotel development at 7th and Penn
- Feasibility study for relocation of Baseball stadium downtown

And, there are strong indications that private real estate investments in Reading are increasing sharply, particularly by non-local newcomers to the Reading marketplace. Examples of such purchases are the building adjacent to the new Sovereign Bank building at 422 Penn St., the building at 6th and Washington, the Berkshire, the Madison, and the former Exide building. Investments of this type are often an early indication of an economic turn around.

The growth of the Hispanic community in the City of Reading is the most significant demographic trend in the entire region and opens up new possibilities for economic development. Since 1980 the Hispanic population in Berks County has increased from 9,013 to 36,096. This is 44 percent of the total population growth in the region. The population increase has been accompanied by a similar increase in the size of the Latino market. Based on 2000 census information the Reading Latino population had \$239 million of total income, which flows back into Reading businesses for a wide range of products and services.

Quite recently, the success of Reading-based inner city companies has been recognized at a national level. The Initiative for a Competitive Inner City and Inc. Magazine annually present the Inner City 100 awards to 100 of the fastest growing inner city companies in America. The exceptional performance of three Reading companies has been recognized by their inclusion on this exclusive list: Bills Khakis (a five-time winner), Hydro-Jet Services and Sneaker Villa.

Challenges

While the pace of investment may be accelerating and there have been some notable individual successes in Reading, there are still significant challenges facing the city. An in-depth analysis²⁶ showed the following:

- The population in Reading is growing (3.6 percent from 1990-2000).
- The poverty rate in Reading is significantly higher than in Berks County (26 percent in Reading vs. 9 percent in Berks County).
- The City of Reading is very diverse (37 percent Hispanic and 12 percent African-American).
- The minority populations in Reading are poorer and less educated than city averages.

²⁶ Data is from the 1990 and 2000 US Census except where noted

- 26 percent of Reading residents live in poverty but 41 percent of Hispanic residents and 30 percent of African-American residents do.
- 62 percent of Reading residents are at least a high school graduate but only 42% of Hispanic residents have graduated from high school.
- On a per capita basis the City of Reading has more violent crime and property crime than the national average.
- The City of Reading School District is significantly under-performing neighboring districts.²⁷

Recommendations

To reinforce and build upon the progress underway in Greater Reading, ICGR leaders agree that further bold efforts are needed to tackle the challenges of the region's most economically distressed areas – market-based strategies that generate a higher level of business and entrepreneurial activity. To that end, a central focus of the priority clusters identified by ICGR (EHT and Professional & Shared Services Cluster) is to create business growth and good employment opportunities, both to help ensure the region becomes even more economically vibrant and that numerous new opportunities are provided for businesses and inner city residents.

In addition, the significance of the Hispanic population to Reading's future is evident. There are presently over 150 Latino-owned businesses in the City and the number is growing. The Hispanic spending power is similarly increasing. It is clear that Latino leadership must be actively engaged in defining the major issues and shaping the strategies developed.

Accordingly, ICGR convened a group of Latino Business Entrepreneurs and several joined the efforts the other ICGR action teams. To provide these urban leaders with an example of successful Hispanic engagement in business and community development, ICGR arranged a trip to Hartford for six Latino executives. Hartford, while modestly larger than Reading, also has a significant Latino population, a more mature economic development support structure and a Hispanic mayor. The Reading team met with Mayor Perez and his key staff, as well as the chief executives of the Spanish American Merchants Association (SAMA), the Southside Institutions Neighborhood Alliance (SINA), the Greater Hartford United Way, and the Capital City Economic Development Authority (CCEDA), an organization that has established a powerful minority contractors system.

In multiple meetings, these groups and a number of other urban leaders provided unique and valuable insights to ICGR's leadership. Further buttressed by ICIC's national research, the following recommendations for action are proposed:

Cluster Involvement

It is essential that inner city leaders remain actively involved in the shaping and implementing of the industry cluster and cross-cutting initiatives that will impact Reading's economic future. Appointment to and participation in the ongoing economic development action teams and advisory boards is a necessity.

²⁷ Data from the PA State Dept. of Education (www.paprofiles.org) shows the significantly higher levels of low-income students and lower educational performance in the City of Reading

Latino Chamber of Commerce

For several years the Hispanic community has been exploring the concept of a Latino Chamber of Commerce. A recent survey of 98 Latino owned businesses revealed that 96 percent would join a Berks County Latino Chamber of Commerce (BCLCC).

There is a pressing need for a Latino Chamber. Presently, this large and growing business community is neither connected to each other nor to the larger infrastructure in the region. This considerably increases the challenging task of surviving and growing a business. The Chamber will be the bridge, the network that provides a trusted voice, a link to resources, technical assistance, business opportunities and group purchasing.

The advantages of Latino business success will not only accrue to these businesses and their employees and revenue for the city, but because of a planned association with the Berks County Chamber of Commerce, that organization will be strengthened. Also, because private inner city development is a high priority of both Governor Rendell and President Bush, a well-organized Latino business community will assist the city in increasing the state and federal resources that flow into Reading for priority projects.

The Berks County Latino Chamber of Commerce does not intend to become a competitor to the Berks County Chamber of Commerce. Rather, the leadership will work side by side with the existing Chamber to develop integrated service offerings to Berks County Latino-owned businesses. In the short-term, this model will mean sharing space and support services. In the long-term, this will mean revenue sharing and access to a broader range of Berks County Chamber of Commerce services.

Expected Outcomes

The success of the Berks County Latino Chamber of Commerce will ultimately be judged by the performance of Latino businesses in Berks County. There is limited data available, but one useful tracking tool will be the US Economic Census. Conducted every five years (most recently in 2002), this census allows for detailed tracking of sales, establishments, and employment in minority-owned businesses. In addition to this long-term tracking tool, there are several implementation metrics that will be measured:

- Memberships in the Berks County Latino Chamber of Commerce
- Successful bids by BCLCC companies for government or corporate contracts
- Loans or capital generated for Latino companies
- For-fee services provided by BCLCC staff and affiliates
- Companies listed and paying for advertisement in business directory
- Matching proposed organizational budget and growth targets

Recommendation

ICGR recommends that an investment of \$250,000 over the next three years be made by the community to establish the Berks County Latino Chamber of Commerce.

This will cover the BCLCC's need for \$100,000 seed funding in the first year and \$75,000 in the second and third years. The business plan calls for the BCLCC to be self-sufficient after the third year. The recommended funding will allow the BCLCC to build the programs and services required to develop the membership base, fee-based program structure and credibility to gain the public and private sector support that is required going forward. (The Hartford and Lehigh Valley Hispanic Chamber models provide evidence that this is a realistic expectation.)

Latino Business Incubator (El Mercado)

ICIC presented several models of inner-city revitalization to groups in the Greater Reading region. One idea that has been particularly well received is replicating the Mercado Central concept. The Mercado Central in Minneapolis is an indoor marketplace in a Latino neighborhood that provides technical assistance to business owners, space for establishing retail businesses, and a community center. The Neighborhood Development Corporation, a local community development corporation, developed the Mercado Central. It was opened in 1999 and in its first three years of operation, total sales of businesses operating in the building increased to \$4.3 million, and in that time only 10 of the original 47 businesses ceased operating.

A similar Mercado was seen during the visit to Hartford, and the concept has been implemented in other cities as well. The development of a Mercado meets a variety of objectives of the ICGR project:

- It develops a location for small business development and can help attract spending to the city.
- It allows for additional funding streams to provide technical assistance to new businesses.
- It embraces the diversity of the region and turns it into a commercial opportunity.

Recommendation

Development of a Mercado is a significant undertaking. A group of developers and members of the Latino community are exploring the logistics of this investment in the Reading region. This group needs to make a determination if a Mercado is feasible. If this group is able to unite around a vision, then it is recommended that \$25,000-\$35,000 be made available for a feasibility study to develop the business case and potential funding for the proposed project.

Youth Entrepreneurship – Initiate NFTE in Reading High School

Implementing the National Foundation for Teaching Entrepreneurship (NFTE) program in the Reading High School will further understanding of and commitment to market-based approaches to generating wealth and job opportunities for inner city residents. NFTE offers a recognized and vetted model for teaching business knowledge and skills, encouraging entrepreneurial activity among younger people, as well as motivating students to continue their education.

NFTE has developed a highly acclaimed curriculum. It has been shown that the program's educational experience has a major impact upon a large number of students participating. NFTE is geared to students from low-income neighborhoods and helps link their classroom work with skills that will be an asset to them in their future, either in the business world or higher education. NFTE's strategy is to partner with local education institutions, train its teachers on how to deliver this innovative curriculum, and provide support and communication to program alumni.

The ultimate goal of this program will be to motivate and educate low-income students and to provide them with a sense of hope for the future. In addition to improving their basic reading, writing and math skills, they improve their analytical, communications, technological and critical-thinking abilities. Many students are inspired to continue their education or start a business.

NFTE's Mission: *NFTE's mission is to teach entrepreneurship to low-income young people, 11-18, so they can become economically productive members of society by improving their academic, business, technology, and life skills.*

Expected Outcomes

The following are some of the measures that can be used to judge the overall success of the NFTE pilot program:

- Students enrolled and successfully complete the NFTE program
- Successful Business Plan Competitions, Awards and recognition received by students
- Graduation rate of students enrolled in NFTE program
- College attendance rate of NFTE program graduates
- Teachers trained in the NFTE curriculum
- Number of businesses established by local NFTE graduates

Recommendations

ICGR recommends that the NFTE program be implemented in partnership with the Reading School District, initially at the high school level. Further, NFTE should be launched in the 2005-06 school year.

The budget for conducting a 3-year pilot is approximately \$80,000. This will reach at least 300 low-income students.

The NFTE Project Budget in Reading would be \$35,000 in the first year and about \$20,000 for the next two years. This will allow for the involvement of about 100 students per semester and the training of at least 4 high school teachers at the "NFTE University". NFTE will support program planning and implementation and provide year round technical support and fundraising assistance.

ICGR has proposed the following timeline for implementation, but approval is dependent on the Reading School District. Presentations have already been made to the past Superintendent and staff, which included a school board member and foundation executive. The new Superintendent has been forwarded the NFTE proposal:

- *Summer or Fall of 2005* -- Program planning and "NFTE University" teacher training
- *Fall or Winter 2005* -- Program launch
- *Spring 2006* -- Possible participation in NFTE's national business plan competition
- *Year-round* technical assistance.

Leadership Development

ICGR has given encouragement to Reading's urban leaders to more actively participate in business and economic development activities in the region. This leadership has embraced the opportunity and is well positioned to get involved and have an impact. However, they have suggested that their business, strategic planning and communication skills may not yet be sufficient for them to become effective managers/participants of these initiatives. The urban leaders have expressed the view that there is a need for them to further develop those capabilities in order help inner city businesses and residents become more competitive.

Recommendation

Since developing these skills will require systematic training, ICGR recommends that a rapid national review be initiated to identify the best programs for leadership development in the area of market-based initiatives. These models should be evaluated in terms of their usefulness and applicability to the City of Reading, and include programs that effectively utilize local corporate and public sector expertise.

ICGR recommends an investment of \$10,000 be made available to conduct this study.

Increase Inner City Companies' Access to Capital

ICIC's research shows that one of the biggest challenges facing inner-city entrepreneurs is access to capital. There are two initiatives in the Greater Reading region that will help increase the availability of capital to inner city businesses. The first is the Corridor Investment Fund program, already detailed in the EHT section; this would help companies in the Corridor area who are part of creating a more vibrant downtown. The second, already underway, is the Micro+ Loan Program, oriented towards helping all kinds of companies throughout the city.

Micro+ Loan Program

The Micro+ Loan Program was established by a partnership of the Berks County Weed and Seed Program, the Community First Fund, and the Hispanic Center of Reading and Berks County. It provides a wide variety of lending and technical assistance services to businesses and entrepreneurs in the City of Reading.

The Micro+ program has a track record of success. They have closed deals with 33 businesses in Reading with a total value of just over \$500,000. The program also provided technical assistance to 74 businesses. The estimated impact of all this activity was 81 jobs retained and 55 new jobs created. The Micro+ program has proven

successful at accessing capital (with the assistance of bank CRA funding), delivering that capital to businesses that can utilize it, and helping the businesses succeed. In addition the Micro+ program has built the required networks to access good investment opportunities, and is in the process of developing partnerships with successful businesses to incubate new ideas.

Expected Outcomes

The Micro+ program in conjunction with other programs targeting investment to inner city businesses should:

- Increase the number of businesses founded in Reading
- Increase Reading's share of regional retail spending
- Increase private sector lending to Reading-based businesses
- Create jobs and wealth for Reading residents and businesses

Recommendation

The Micro+ Program needs to increase its capability to deliver capital and technical assistance to businesses. Accordingly, it should expand its connections with the private sector to supplement the initial investments made by public and civic institutions. An Ad-Hoc group of community and business leaders is working to build the revolving loan fund to \$1 million over the next three years.

ICGR strongly supports this effort and encourages private, public, and civic organizations to provide these resources to leverage the Micro+ program network and infrastructure.

Innovation in Manufacturing

The Importance of Manufacturing to the Greater Reading Region

Berks County is a manufacturing center, with more than 32,000 people directly employed in 637 companies, the largest of which are East Penn Manufacturing, Carpenter Technology, Morgan and Baldwin Hardware. Manufacturing average wages are among the highest in the county, being exceeded only by utilities, finance, professional services and federal/state government employees (the combined employment of which totals about 15,000 in Berks County).

It was not a surprise when the recent Deloitte Consulting²⁸ study stated that manufacturing is among the most important generators of wealth in the state; having a significant impact on the quality of life enjoyed by many of its residents.

The manufacturing sector is sometimes overlooked as an economic driver, in part because of the much publicized declines in employment levels, the recent recession, offshoring and international price competition. Also, it is true that success varies greatly among specific manufacturing sectors and even companies. Commodity-based manufacturing industries have been much harder hit than the more high value-added industries (referred to as “Driver Industries” in the Deloitte report).

One of the defining features of the manufacturing sector in the Greater Reading region is its diversity. There is no dominant cluster in the area, but rather a variety of businesses producing different products for a highly varied customer base located outside the region. These include both commodity-based and high value-added firms. The overall size and diversity of the manufacturing sector in the county has allowed it to remain relatively robust through the recent downturn and there are now increasing signs that a strong turnaround is taking place.

Because of the importance of manufacturing to the Greater Reading region, ICGR and the Action Team established chose to address the competitiveness issues relating to manufacturing, not by looking at one specific cluster, but by focusing on what is now agreed to be among the most pressing issues facing this industry, Innovation in Manufacturing.

The Case for Innovation in Manufacturing

ICGR established an Action Team of manufacturing CEOs, and worked closely with representatives of the leading organizations providing support to manufacturers in the region. In formal meetings, individual exchanges, a survey of 250 manufacturers and the careful review of many recent reports on the state of manufacturing, the following observations were made regarding improving the competitive position of manufacturers, particularly the SME's (Small and Mid-size Enterprises):

²⁸ *Manufacturing Pennsylvania's Future: Regional Strategies that Build from Current Strengths and Address Competitive Challenges*; Deloitte Consulting, The Industrial Resource Centers of Pennsylvania, the Department of Community and Economic Development, and Team PA, January 2004. (http://www.dvirc.org/deloitte_full_report.pdf)

- The adoption of lean/progressive manufacturing techniques will continue to be a necessity for firms to become more efficient and to reduce costs;
- However, top line revenue growth, not just reducing costs, will have to become the highest priority;
- Deloitte summarized the major forces requiring companies to innovate. These included the necessity of reacting to new competition (i.e. China), supply chain pressures from large manufacturers, and the increasing commodity nature of products in traditional industries;
- Gaining market share, moving to new markets, enhancing existing products and developing distinctive new products, introducing the most advanced technology and business processes – all require a high level of sophistication, practical access to the most current information, and significant resources;
- Innovation is inherently risky, requiring time, energy, expertise and resources. That is why larger companies, and universities working with significant R&D funds, play such a significant role in innovation;
- While small and mid-size manufacturers have considerable capabilities, their financial resources and staff are frequently limited, as is their access to essential market intelligence – consequently, they must focus on the more modest innovations; and, these may not be sufficient to bring about the level of innovation and change that will allow them to compete in the fast paced global markets;
- Finally, there is broad agreement that finding, developing and retaining the highly skilled workforce required to excel in the increasingly high tech manufacturing environment, continues to be a major challenge.

"The key to salvaging manufacturing is reinvention and innovation...Most small/medium manufacturers suffer from (commoditization and over capacity)...must seek out new products, new markets, new customers, new services, new processes and radically different ways in order to survive..." - P.C. "Hoop" Roche, Chairman of Erie Plastics

Recommendations

Leadership in both the public and private sectors in Pennsylvania have become convinced of the critical importance of innovation and workforce development to the ability of manufacturers in the state to compete. And, they also recognize that, with many of the engineers and scientists working in the manufacturing sector, this is where most of the innovation, patents and start-ups will be created. The Governor and legislators' commitment is evidenced in many venues, from the \$2.3 billion Economic Stimulus Package and Department of Labor's "Manufacturing Industry Partnerships" to the Deloitte Consulting study, *Manufacturing Pennsylvania's Future*, the *Pennsylvania Tech Formation* status report on growth strategies, and the appoint of a Manufacturing Ombudsman, just to mention a few.

At the same time, there is ample evidence that small and mid-sized manufacturers are still facing immense challenges. The public sector recognizes this, as well as the potentially vital role they can play. There is also an increased understanding of the fact

that new public-private partnerships will be necessary – to ensure that efforts are demand driven, and that they draw heavily upon the unique market and competitive insights of business executives. This is particularly true when dealing with the complex issues relating to innovation and workforce development.

While Statewide and Regional programs have a very essential role to play, building the capacity of local private sector organizations should be a part of the state’s overall innovation strategy.

Accordingly, drawing upon the keen observations of the members of the Action Team, the Survey results, and the guidance from a number of the economic development professionals working with manufacturers, ICGR puts forward the following recommendations:

Pilot an Innovation Portal

There is a major information gap. Many of the small and mid-sized manufacturers do not have effective access to and are, in fact, unaware of the resources that might be available to them. For example, only a few survey respondents knew about the Innovation Partnership nor the Small Business Innovation Research (SBIR) program – which offers firms the opportunity to compete for set-asides from federal R&D budgets for advanced product development.

Similarly, the resource strapped smaller manufacturers frequently do not have links to the university researchers, centers of excellence, venture capitalists, innovation centers and angel networks that exist around Pennsylvania, nor do they have a trusted professional source to go to for new market and product intelligence.

“As organizations strive for increased profitability and growth, the pressure is on to provide faster, better information to ever increasing members of operation, technical and business users. Everyone wants the ability to view the information they can trust, when they need it, for effective decision making.” - CIMNET Co.

To help fill this gap, ICGR recommends that an Innovation Portal be piloted, preferably located in an existing business organization that has the full confidence of both the public and the private sector leadership. The innovation portal would be an extensive information resource providing easy and timely access to financial resources, technical assistance, and world-class consultants. This information portal would be targeted at engineers and executives in local manufacturing companies. Since an infrastructure will already exist to build upon in the selected business organization, funding by the State for two years at the \$75,000 level annually would be sufficient, when matched by private sector cash and in-kind financial support.

“Dream It, Do It” – Become a Pilot Site for the National Association of Manufacturers Communications Campaign

In an attempt to foster economic growth and the skilled workforce necessary to create it, the National Association of Manufacturers (NAM) has recently developed a communications program to educate young

“...(Companies) need employees with the technical skills to create the high end, cutting-edge products that beat the global competition...” Jerry Jasinowski, President of NAM’s Manufacturing Institute

adults, parents, educators, and civic leaders on the benefits of a career in manufacturing. It is a serious attempt to counter the traditional public image and concerns – that all manufacturing jobs are going offshore, and that the jobs are primarily ones that simply require physical labor. The campaign emphasizes the fact that many of today's manufacturing jobs are creative, high tech, challenging, and financially rewarding.

The “Dream It, Do It” communication campaign includes eye catching print, outdoor and web banner advertising, as well as 60 second radio commercials and a website that includes a Career Personality Test, Career Calculator, job descriptions, video profiles and plant tours. NAM and their first pilot site in Kansas City have invested a considerable amount of resources into putting together this high powered campaign, and they will be seeking local partners to roll it out in other regions.

ICGR recommends that the Greater Reading area be one of the next pilot sites, possibly in collaboration with some of the neighboring counties with similar manufacturing interests and challenges. A regional approach would provide large enough media coverage to have an impact, as well as making it economically viable to generate the public/private resources necessary to launch and sustain the campaign for the next two years.

Because NAM has already invested such a considerable amount in creating this campaign, leveraging and implementing it in the region will not require vast resources. The media can be called upon for some public service support, and the manufacturing organizations and public agencies supporting manufacturers will be asked to generate a fund of \$50 – 75,000 annually to roll out the pilot for the next two years.

Explore the Creation of an Innovation Demonstration Fund

Small and mid-sized manufacturers have limited resources, staff and time to aggressively develop their innovation options. Creating realistic business strategies, understanding and assessing new market opportunities (including China), new product development, and identifying potential strategic partners, are just some of those areas in which many of these companies are not yet fully equipped to navigate. Ben Franklin Technology Partners is already recognized as an important source of innovation resources, both subordinated debt and links to experts at colleges and universities. Similarly, the Manufacturing Resource Center (MRC) has done a good job of providing technical support, training and some resources to companies. Also, under Governor Rendell's leadership, MRC and the statewide IRC network with which they are associated have recently launched a “Manufacturing Growth Through Innovation” initiative.

However, both have real limitations based upon their state mandated roles and the resources they are provided. Particularly at this critical juncture in the future of manufacturing in Pennsylvania, creative new approaches must continue to be developed to increase the pace of innovation.

ICGR recommends that DCED, Ben Franklin Technology Partners, the Manufacturing Resource Center and Greater Berks Development Fund actively explore the possibility of establishing an Innovation Demonstration Fund of \$250,000. With more flexibility than existing programs, the purpose would be to provide modest matching grants to

small/mid-sized manufacturers for high value innovation initiatives, and to encourage those firms applying to be making bold investments and partnerships to create a real competitive advantage.

Leverage Skills and Resources of Existing Support Organizations

The Greater Reading area is fortunate to have a number of highly skilled organizations that are committed to providing resources, training and support to small and mid-size manufacturers. These include the Manufacturers' Association of Berks County, Ben Franklin Technology Partners, the Manufacturing Resource Center, the Berks County Chamber of Commerce, and Berks County Workforce Investment Board, as well as such educational institutions as the Reading Area Community College, Penn State-Berks, and the Career and Technology Centers. There is also frequent collaboration among these organizations as they seek to leverage their combined capabilities to assist the manufacturers.

At the same time, there is some overlap of services and the competition can sometime become unproductive. Whether caused by the need to generate resources, state policies, personalities or the Boards not being sufficiently informed, the manufacturers in Greater Reading are hurt by this situation. The manufacturers need all the assistance they can get at this point in history, so it is important for the leadership to deal with this situation.

Consequently, ICGR recommends that the Boards, Advisory Boards and CEO's of each of these organizations establish a joint task force to clarify capabilities and responsibilities, as well as ways to reduce redundancy, streamline organizational relationships and more effectively cross-sell existing programs - so that both public and private resources are fully leveraged and invested well.

Strong Support for RACC's Advanced Manufacturing/Integrated Systems Program

The Reading Area Community College (RACC) and Berks County Workforce Investment Board, have been working in partnership with their peers in the South Central Pennsylvania Region over the last 3 years to improve their capacity to deliver high quality advanced technology manufacturing training. The Manufacturers Association of Berks County has also been actively involved in this effort. This has resulted in a plan to sharply expand RACC's already considerable training capabilities.

RACC's Schmidt Training and Technology Center, now under construction, will include 9,000 square feet dedicated to advanced manufacturing, including separate labs for industrial electronics, electricity, mechanics and automated manufacturing. They will introduce the Advanced Manufacturing/Integrated Systems Technology Program using the curriculum created by Amatrol in Jefferson, Indiana.

This is one of the most significant undertakings in Greater Reading to ensure that a skilled workforce is developed, and to foster interest in technology careers. Consequently, ICGR strongly supports RACC's efforts to generate the funding necessary to make this unique advanced manufacturing program a reality.

Communication – Achieving the Vision of Greater Reading

ICGR has been successful at spreading its word to a wide variety of people. Over 150 people were involved in developing the plans presented in this document and even more people share the ICGR vision. The communication plan will help all these people unite behind a positive goal for the future of the Greater Reading region.

Changing people's attitudes about the region is critical to economic success. There were two efforts undertaken to address this. The first is the Celebration event²⁹ focused on changing resident's perceptions of Greater Reading and creating a platform for the implementation of the ICGR plan. The second is the on-going communications effort focused on outside visitors and businesses, as well as the Greater Reading community. This effort is getting ready for launch in conjunction with the implementation of the brand development effort.

A successful communication effort will change the way visitors, businesses, and residents view the Greater Reading Region. This will have a variety of benefits:

- **For residents** - it will improve their image of their home and enable communication of a positive message about the Greater Reading region
- **For tourism** - it will help grow tourist traffic to the region and enable more targeted marketing of tourism packages
- **For economic development** - it will help create a unified marketing message and more effectively communicate the competitive advantages of the Greater Reading region to attract companies and residents

Celebrating the New Plan for Greater Reading

For the region to succeed it needs to project a positive image to the outside world. This is only possible if there is a positive image internally. The community needs to embrace the concept of being a region and functioning as a region to leverage all of our strengths and to compete nationally and globally. When there are problems in Reading, it is not just the residents of Reading who are affected, but all the residents of the region. The community has to embrace this attitude of regionalism to compete nationally and globally.

There are still residents who look to the past as their vision for the future. But the Greater Reading region will not succeed by recreating the past; the global economic situation has changed too much. This plan enables adjustment to that change and leverages the strengths of the Greater Reading region.

On September 16th, 2005 a celebration will formally launch the ICGR Plan to the community. This will be a chance to celebrate the successes of the project and mobilize the community around the new direction the area is moving in. This celebration will be a chance for the entire Greater Reading community to come together,

²⁹ The Celebration Event will be held on September 16th at the Reading Wyndham hotel from 5 pm until 7 pm. This event will be a chance for the entire community to learn more about the ICGR project and celebrate the economic future of Greater Reading

from children to CEO's, cutting across geographic, income, and ethnic differences. The energy of that event will make it clear to everyone the opportunity the Greater Reading region has to be highly competitive.

A Communications Action Team was formed to build momentum leading up to the celebration of ICGR. This team was made up of representatives from local advertising and public relations firms and marketing directors from key businesses. Given a limited budget this team focused on taking advantage of presentations to civic groups to inform people about ICGR. Over 25 such presentations have been given by people involved with ICGR. These meetings have informed people about the project, solicited input, and generated enthusiasm for the September 16th celebration. The goal was to create a buzz around ICGR to let people know that something big is happening.

To back up this buzz building campaign an ICGR web site was created (www.GreaterReading.com). This web site enables people to sign up to receive more information about the project and receive invitations to the celebration.

Regional Branding Project

Background

Improving the image and brand of the Greater Reading region was identified as a key issue to attract more tourists to the area and to help communicate the essence of the quality of life in the area to residents and businesses. The existing tourism brand, "The Outlet Capital of the World" is still successful but is not having the same impact on the market as in the past. As the team thought about what the Greater Reading region was in addition to the "Outlet Capital of the world" the view was that most people probably did not have very positive associations. There was not even clarity on what is the "region" that we are branding. "Some people view the area as simply, "Reading" while others associate with "Berks County".

In addition to being a tourism and community priority, the region's brand was also identified as being important to economic development efforts by the Berks Economic Partnership in collaboration with the Berks County Chamber of Commerce. After the Entertainment, Hospitality and Tourism Action Team identified the issue a team of branding experts and representatives of relevant and interested organizations was assembled to determine how to develop a new brand.

Consultant Selection

The team wanted to define what it meant to have a brand. Don McEachern of Northstar Destination Strategies provided the answer that resonated best with the team. He said, "Your brand is what people say about you when you are not looking" The general feeling of the team is that today that brand is probably not very positive. The concept of a "master brand" for the region, which organizations could use freely is critical to the success of this project. The message of economic development promotion and tourism promotion does not have to be identical, but it should be consistent.

After several discussions the recommendation was made to hire a branding consultant to develop several brand recommendations for the team to review and decide on. ICGR in partnership with the Reading and Berks County Visitors Bureau issued an RFP. Five

firms responded to that RFP, and after careful review a recommendation was made to hire Northstar Destination Strategies.

Project Process

Northstar's project will deliver a brand and "foundation creative."³⁰ This product will communicate the new brand to the community, while enabling each organization to customize it with their own marketing materials. This is critical to allowing the brand to be widely used. The Northstar process has a series of key steps:

- Compiling visitor data and developing a demographic and psychographic portrait of visitors
- Analysis of a resident vision survey to understand perceptions of the region
- Development of branding ideas and concepts
- Development of images and copy with branding team leaders
- Testing of positioning lines and brand
- Logo development and final design
- Community roll out

Northstar is scheduled to complete their project in early September of 2005. It is hoped the final brand will be available by the September 16th celebration event.

Recommendation

For this effort to be successful the brand needs to be accepted by the community and the implementing parties. While ICGR remains active, the Reading and Berks County Visitors Bureau has been the lead organization in developing the brand. Their future marketing and promotional investment will revolve around the new brand. The brand will identify target consumer groups and help with the development packages and promotions to connect with those consumer groups.

Going forward, the Berks Economic Partnership and the Berks County Chamber of Commerce need to play a key role implementation. The new brand will help them communicate to companies and site selectors why they should invest in Berks County.

The brand will also be effective within the community. It will send a positive message about the community and its future to residents. The implementation of this element of the plan will depend on a variety of partners. The Berks County Chamber of Commerce, Berks County, and the City of Reading are all critical to this effort.

Maintaining Momentum – 1000 Friends of Greater Reading

Background

To have a sustained impact, the community has to undertake a sustained program of positive communications on a variety of topics described throughout this report. To accomplish this, a continuing program of some type needs to be established. ICGR recommends to the community the creation of a group organized along the lines of the 10,000 Friends of Pennsylvania. There would be no formal membership requirement

³⁰ Foundation Creative is the basic creative content that an advertising agency can then use to develop ads for magazines, newspapers, billboards, etc

other than a shared belief in a positive future for the region. This would be a group of people who want to help make a vision for the future a reality.

Program Description

The 1000 Friends of Greater Reading program will host events that project a positive vision of the future. It will have a mailing list to keep residents informed and engaged on the trends in the region and the evolving nature of plans for the future. It will work in conjunction with existing successful programs in the area, such as the Berks Chamber of Commerce sponsored annual economic development forum (Connecting the Dots). Communication needs to be a continuous process, but the first priority should be raising awareness of the new community brand and driving adoption of it by various organizations

Expected Outcomes

This program should change the way people think and talk about their home. It should lead to broader recognition of the concept of “Greater Reading” and an increasing convergence on the clarity of the vision for the future of the region. The result should be more political leaders in the region talking about this positive future and using their time in office to make it a reality.

Recommendations

During the term of the ICGR effort, the Berks County Community Foundation has been the leader of the project communication efforts. But after the September 16th celebration, this responsibility should transition to another regional organization (e.g. the Berks Economic Partnership, the Berks County Chamber of Commerce or the Reading Berks Visitors Bureau.). This effort should be closely integrated with the management of implementation of this plan and the planning for future projects. Following on the example set by ICGR, a volunteer team of communications experts should continue to be consulted for their expertise and assistance on specific communication efforts. There should be update mailings sent every quarter and meetings held twice a year to foster awareness and discussion regarding the direction of the local economy. These should be held in partnership with existing programs and organizations whenever possible.

Economic Development Coordination and BEP

Berks Economic Partnership

The Berks Economic Partnership (BEP) is emerging as the key to the future success of economic development in the Greater Reading Region. BEP is a public/private partnership with the following goals and objectives:

- Develop & implement a county-wide marketing plan
- Develop promotional materials
- Adopt/develop/implement IT systems to facilitate identifying and marketing of county resources
- Assist those responsible to plan, manage, and direct high priority projects and initiatives in a manner consistent with this plan (e.g. ICGR, RiverPlace, Food Industry Park, etc.)

The BEP was first started in 2003 under the leadership of the Berks County Commissioners and has been pursuing the objective of building its capability to market the Greater Reading region to the world around us. It was, in fact, with this in mind, that BEP and the Berks County Commissioners became the prime sponsors for ICGR. The leadership of the BEP – [public and private - came to the conclusion that while the BEP staff was developing the basic capabilities to communicate a message to the outside world, another parallel effort (the brand development aspect of ICGR) should develop the content and priorities of that message.

BEP has been largely successful in approaching the initial objectives it established for itself. It has hired and integrated a competent, professional staff, it has completed the development of a quite capable web site and it has undertaken, as new kid on the block, an effort to integrate the efforts and capabilities of the various economic development organizations and professionals in the region.

As the formal ICGR planning process draws to a close, BEP is positioned to absorb and implement the findings and recommendations presented by this report and is organized to undertake the implementation effort required over the next several years. The formal integrating mechanism will be managed by a series of committees of the Board of Directors of the BEP assuming responsibility for ICGR activities that survive the publication of this report. This structure is illustrated in the Implementation and Funding section of this report.

But it is important that we understand clearly the substantial degree of difficulty of this undertaking. Our primary obstacle is that we are late to the economic development game *as a community*. The ICGR research and recent reports of several economic development professionals have confirmed two points again and again:

1. the Greater Reading Region is ideally positioned to capitalize on the continuing expansion of the New York and Philadelphia business communities; and
2. The benefits to business for development and expansion in Berks County, the City of Reading, the Greater Reading Region are largely unknown because we haven't been marketing ourselves.

On the other hand, we are off to a good start. And, with the proposed consolidation of the ICGR effort into and with the Berks Economic Partnership, we are equipped to compete with the best of them. At this point, it is a matter of presenting our message in a consistent and compelling fashion, focusing on our cluster priorities and continuing to work on presenting to our publics (there are several) a uniform position and set of priorities for community and economic development.

In order to achieve success over an accelerated time frame, it is critical that we compress our efforts in these areas:

1. **Funding** – Given our relative competitive position in comparison to our more experienced neighbors, our elected officials must be prepared to continue and improve public funding, especially as we transition from development into active marketing. Professionals from the economic development community have told us time and again two things worth remembering. One, we are ideally positioned (cost, geography, work ethic, skill set) to compete for business in our priority clusters. And, two, nobody but us knows about us. We must find ways to invest on our future. The County and the private sector must find ways to provide additional marketing funds to BEP. As a point of reference, Dennis Donovan of the Wadley-Donovan Group, one of the nation's leading corporate relocation consultants, recommended setting a target of one million dollars for the BEP marketing budget.
2. **Coordination** - We have achieved some success in (a) establishing our message and (b) coordinating our efforts. This having been said, we still have a long way to go. The essential message of the ICGR efforts is that we must move beyond a project by project approach to job creation and adopt and rational and consistent strategy. Now that this strategy is available, it is more important than ever that the various agencies and professionals involved in economic development work together as partners. This remains an ongoing responsibility of BEP as the centerpiece of our marketing effort and should emerge as a continuing concern among BEP's Board of Directors.

Implementation and Funding

Success Factors (Notes from our partners at ICIC)

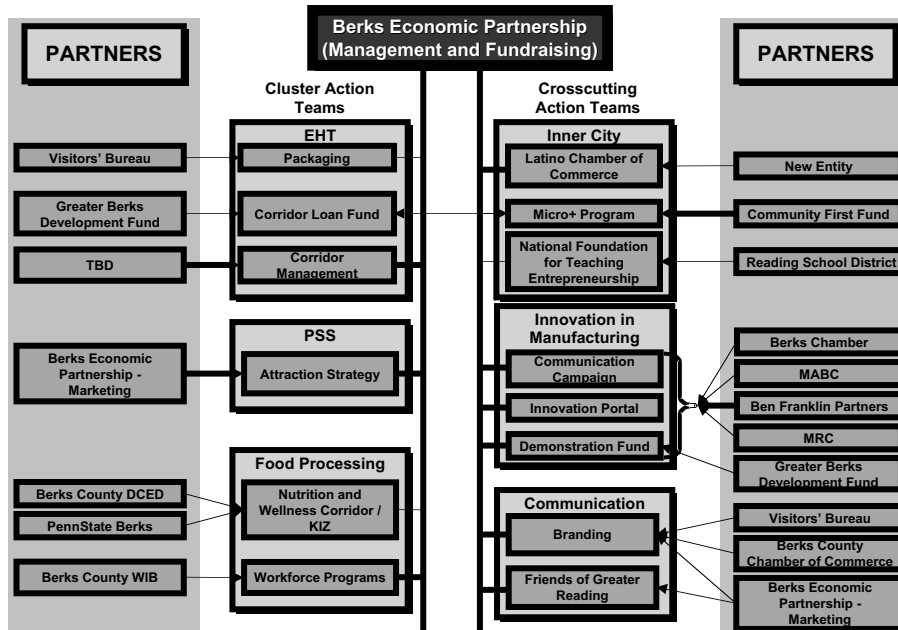
The plan and programs outlined in this report are an important first step towards creating a more economically successful Greater Reading region. Based on ICIC's experience in other cities and its understanding of the dynamics of the Greater Reading region the following success factors are identified as critical to realizing the vision for the Greater Reading region:

- **Community Support** - The citizens of the region have to believe in the ICGR vision and that this plan is critical to the success of the region. The process has been designed to develop a plan that people can believe in. To build this support the plan has to be properly rolled out and actively communicated to a variety of groups. The September 16th celebration will be critical to this, but that day in isolation will not determine the depth and meaning of the community's view towards this vision and plan.
- **Committed Implementation Partners** – There is no single organization that could implement this plan. Thus, the commitment of the identified implementation partners is absolutely critical to success. There are a variety of organizations in the area that are acknowledged leaders in their area. Each of these organizations has to play a role in making this plan a reality.
- **Sustained, effective leadership** - The implementation of specific programs is critical, but equally important is that the overall vision is maintained and championed by effective and collaborative leadership. The implementation structure is critical to enabling that leadership to exist.
- **Funding for implementation** - Getting things done requires investment in these programs. We believe that the investments proposed in this plan all will deliver positive returns, however not all those returns will be effectively captured by the private individual investor. Because of this dynamic, consistent and sufficient support from public investment entities is critical. Securing this support will be made easier if the community supports the vision and plan and communicates that support.
- **Political Support** - Funding and implementation of some elements of this plan depends on support from state and local politicians. Gaining community support will help build support from local politicians, but the details and thought behind this plan needs to be effectively communicated to politicians and their staff. In this regard, one fact stands out above all others. Current funding levels for the Berks Economic Partnership are inadequate to accomplish the marketing task which is at the core of its charter. If the elected officials of Berks County are serious about completing what they have started, they must provide BEP with additional marketing dollars.
- **Continued Planning** – Some elements of this plan will succeed; others will not. The economic situation in some clusters will improve; in others it will deteriorate. The one constant in the contemporary economy is change, and for the Greater Reading region to succeed it needs to continue to plan and adjust to that change. This is why this plan should only be seen as a first step in a continuous implementation process.

Implementation Structure

Collaboration has been the defining feature of ICGR from the start, and it needs to continue throughout the implementation process. A variety of plans and ideas have been put forward in this report. There is no single organization that could implement this entire agenda. Most of the plans have an identified implementation partner to make the ICGR vision a reality. (See figure 13 for chart of programs and implementation partners).

**Action Plan Implementation Partners
(Figure 13)**



The Berks Economic Partnership (BEP) will be responsible for coordinating implementation. As a county-wide public/private partnership the BEP is ideally positioned to ensure the various aspects of this plan are meeting the needs of a comprehensive economic development strategy. The BEP has been closely engaged in the development of this plan. As the coordinating organization for the overall plan the goals and mission of the BEP are aligned with the goals and priorities of this plan. Additionally the responsibility for the implementation of this plan has been explicitly acknowledged in the BEP organizational structure.

As the managing implementation organization the BEP has three main areas of responsibility:

- Funding** – The Berks Economic Partnership should coordinate fund raising for the implementation partners on each program. Each economic development grant request or project proposal should fit into the overall plan and the BEP stamp of approval should communicate the contribution each project makes to success of the region. The BEP should have grant writing capacity to support the implementing entities that lack their own. The BEP should be able to assemble a comprehensive plan for projects and access funds from public and foundation sources.

- **Management** – Each grant and program will have specific outcomes associated with it. The BEP will receive regular reports on the implementation of each Action Plan and its ability to deliver on the expected outcomes. The BEP will coordinate with all of the implementing entities to understand what is working well and what is not, and how to adjust to that situation
- **Planning** – This plan is not the end-game, but needs to be refined and renewed. New clusters need to be targeted and new investment programs identified. The BEP should take the lead on this planning effort. The same open, collaborative process that defined ICGR should continue. Private sector leaders should be tapped to help increase the competitiveness of the Greater Reading region on a continuous basis. For this plan to be successful it needs to evolve to a constantly changing economic environment and competitive landscape.

Funding some of the recommended plans will be a challenge. Each plan should be viewed as an investment opportunity. Some are private sector investment opportunities, but for the most part the benefit from these investments will be difficult to wholly capture by a private sector investor. That is why the public sector needs to play a key role in making this vision a reality. It is in the interests of the community as a whole to create a vibrant economic environment, and this is a road map of investments that will help make it a reality.

ICGR has worked to identify funding sources for the plans that have been proposed. In the future this role will be fulfilled by BEP.

Integration of ICGR Action Areas with BEP Management Structure

BERKS ECONOMIC PARTNERSHIP		
ICGR Transition Committee		
Planning Element	Volunteer Leadership	Partner
Regional Branding	Crystal Seitz	Visitors Bureau
Packaging & Promotion	Steve Fritz	Visitors Bureau
Corridor Management	Rick McDougall Bob Cavalieri	Corridor Steering Committee
Corridor Loan Fund	Ed Swoyer	Greater Berks Development Fund
Corridor Design	Rick McDougall Bob Cavalieri	TBD
Food Processing/KIZ	Tom McKeon Susan Phillips Speece	TBD
Innovation in Manufacturing	Phil Fleck Mike Mullen	MABC/Chamber
Professional & Shared Services	Sue Perrotty Carl Marks	Our City Reading
Inner City Development	Nelson DeLeon Ivan Torres	Latino Chamber
Route 222	Randy Swan	222 Steering Committee

“Greater Reading”: An Achievable Future

The Greater Reading region was once a success story in the national and global economy. There is no barrier to achieving that lofty perch again. It will take different methods and success will look different in the 21st century than it did in the 19th century, but success is achievable. It is our hope that the ICGR plan is fully implemented and the vision realized.

Appendix A

Infrastructure

The ICGR approach was to develop an economic development strategy and then determine what infrastructure improvements best support that strategy. The priorities identified in this way are largely consistent with those identified in the Berks County Vision 2020 plan and the Leak-Goforth Site Assessment report.

Transportation Infrastructure

Access to I-78

The success of the Food Processing cluster and the Professional and Shared Service cluster is linked directly and importantly to the New York City metro economy. This economic engine figures to be as much of a factor in the future of the Greater Reading regional economy as the Philadelphia metro economy. *To fully leverage this trend, access to New York City and New Jersey from Reading must be improved.* Because of this the proposed project to turn Rt. 222 North to Allentown into a limited access highway should be the number one transportation priority for the county.

The expansion of Rt. 222 will shorten the trip time between New York City and Reading substantially and also provide the opportunity to direct the westward expansion of activity along the I-78 Corridor towards developed areas and the Reading labor market.

Schuylkill Valley Metro

Another key transportation project is the Schuylkill Valley Metro, linking the Greater Reading region with Valley Forge and Philadelphia. The Corridor team identified this project as a key priority. The proposed terminus of the line near the VF Outlets in Wyomissing will be a new hub of activity along the Corridor. It will allow local residents to commute via rail to the large employment centers to the east. It will also enable dense, mixed-use transportation oriented development in the area. The Wyomissing Square project could be the first step to a larger set of developments in close geographic proximity to the station.

Corridor Infrastructure

Transportation is also critical to the creation of a vibrant urban core. The road infrastructure to move people in and out of the Corridor area already exists. The challenge is to create a convenient parking situation and an environment where people are comfortable leaving their automobile for the duration of their visit to the Corridor. To help accomplish this goal the Corridor team discussed several infrastructure improvements. These are:

- Provide sufficient parking capacity and do not charge visitors to the district for that parking
- Improve the pedestrian friendly nature of the Corridor district
- Improve the Penn St. Bridge over the Schuylkill to it make less a highway and more a pedestrian district
- Provide a transit link along the Corridor with frequent service

All of these infrastructure projects are aligned with the Berks County Vision 2020 plan that the County should invest in projects that help achieve “Smart Growth.” The Corridor and Metro projects will enable increased economic activity and density in an already developed district, thus enabling the preservation of undeveloped sections of the county. The expansion of Rt. 222 will increase the access that Reading has to the New York City metro area, thus directing development away from the undeveloped sections of the county close to I-78 west of Hamburg and towards Reading.

Sewage Systems

The Food Processing team identified the limitations of the area’s sewage capacity as a key business restriction in the area. Management of the region’s sewage system is highly fragmented. The Reading system is the largest in the county, but it currently is under federal mandate to rebuild its plant to be able to meet environmental standards. The renovation of this facility has to be done in such a way to meet the current and planned demand for sewage treatment capacity from the food processing industry.

The lack of sewage and water infrastructure was the key barrier to the development of the food park in Bethel township. It is not the recommendation that the required investment in that infrastructure be made, but it does highlight the importance of adequate infrastructure to the development of the food processing cluster.

Berks Economic Partnership in cooperation with the county needs to take the lead in developing a long-term sewer and water improvement plan.

Fiber Optic Systems

The Professional and Shared Services cluster depends on an entirely different kind of pipe, a “light pipe.” There already exists a high-capacity fiber optic link between the Greater Reading region and the New York City metro area. This linkage has to be developed to the economic advantage of the region. The re-use of the GPU site is the first step, but expanding from this project may require an expansion of the fiber optic infrastructure on a targeted basis (e.g. airport industrial park).